NACDS tells Feds

OTC recall would mean high costs, shortages

ROCKVILLE, Md.—Look for "serious" shortages of nonprescription drugs if the Food and Drug Administration launches a nationwide retail level recall of over-the-counter products not in compliance with Federal tamper-resistant packaging (TRP) rules, chain drug industry leaders warned the agency.

Earlier this fall, F.D.A. temporarily postponed plans to ban the sale of noncomplying OTC drugs on retail shelves after Feb. 6, 1984, pending a study of the situation.

Unless the agency permanently rescinds that ban, an "expensive" and "unprecedented" nationwide recall of certain nonprescription drugs will occur, National Association of Chain Drug Stores president Robert Bolger said.

Although Bolger did not predict the dollar cost of such a recall, the Proprietary Association told F.D.A. that it "would far exceed the $173 million spent to date" by drug manufacturers to make packages tamper-resistant.

According to NACDS, the cost will be high because the majority of noncomplying OTC's on the market next February will be in "the approximately 280,000 retail outlets" including "gas stations, newsstands, restaurants and other locations which sell small quantities of OTC medicines."

In separate comments submitted to F.D.A., PA warned that the high cost of a recall would drive out of business small- and medium-sized companies that rely heavily on sales generated from TRP-regulated products.

At the same time, firms remaining in business "would have to pass the costs on to the consumer through price increases," PA maintained.

Chain drug industry leaders also told Federal drug regulators that recalling noncomplying OTC's could significantly disrupt the supply.

According to Walgreens, if the agency goes forward with a recall, "stores would be returning goods en masse to manufacturers, and if replacements are not present, serious outages of needed OTC drugs could result."

NACDS also pointed out that a ban could affect the availability of OTC products in compliance with F.D.A. tamper-resistant packaging requirements.

Because of "certain clarifications in the TRP regulations" retailers, wholesalers and consumers "will experience great difficulty in determining whether a product is properly

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NWDA is critical of OTC recall

ROCKVILLE, Md.—Shifting responsibility for recalling nontamper-resistant OTC's from retailers to drug wholesalers could jeopardize the nation's drug supply, the National Wholesale Druggists Association charged.

While NWDA acknowledged that it is hard for retailers to determine whether OTC products meet the Food and Drug Administration's tamper-proof regulations, the association maintained that it would be "especially" difficult for drug wholesalers to check on noncomplying packaging because the products are often sealed in cartons.

To require wholesalers to open each carton to determine "whether or not a product is in tamper-resistant packaging" would "create increased security risks from open cartons of products lying about the warehouse," NWDA warned.

In addition, the time involved in unpacking each case would be "cost prohibitive," NWDA Government affairs vice president Ronald Streck maintained.

The F.D.A. is considering whether to set a date afterwhich the wholesale distribution of OTC's not in compliance

Continued on page 41

SCOPE focuses on educating workers to lower benefit costs

PHILADELPHIA—Increasing the amount employees must pay for health insurance and reducing insurance coverage are two approaches drug chains are taking to reduce spiraling costs.

But senior chain executives at the NACDS SCOPE meeting here agreed that employees must be educated that higher health care expenses paid by the chains leaves less money for salaries.

"Employees consider benefits their rights," said Robert Primm, director of personnel for SupeRx. Primm said employees resist giving up those "rights."

Primm was part of a benefits panel that included Walter Feltman, executive vp and operations director at K&B; William G. Combs, vp of administration and treasurer of Longs, and James A. Norton, a principal with William M. Mercer Inc., an employee benefits consulting firm. The moderator was Bruce Berg, vp of store operations at Fay's Drug.

Combs put the problem of health benefits into perspective by stating the cost of benefits in the retail industry is expected to rise from 10% of salaries in 1982 to 17% in 1986 and 30% by 1990.

Until the 1970's, chains saw benefits as a way to lure employees. Those benefits were not then considered a substantial cost. Now, with benefits rising faster than wages and sales, chains have to rethink their strategy.

Last year, Longs began educating its employees to prepare for changes in their medical insurance. "We notified our employees that increases in medical expenses were exceeded only by increases in energy expenses. We faced a 31% increase in medical expenses in 1981 and another 24% increase in 1982," Combs said.

To combat this trend, Longs offered its employees the option of less coverage or the same coverage with a contribution by employees, coming as a payroll deduction. With this change, Longs managed to reduce what had been projected as a "substantial increase" in its benefits costs by $400,000 to $500,000.

At K&B, the ratio of health insurance to sales has increased to 0.5% of sales, according to Feltman. Although K&B pays the cost for its employees, it raised the deductibles for dependents from $100 to $200.

K&B also requires its hourly employees to be employed for one year before they qualify for medical coverage. At most chains, the period is three months for hourly employees and one month for salaried employees.

At SupeRx, Primm said, health benefits costs have increased 50% in the past three years. The chain pays 100% of the premiums for its employees and their families.

But Primm added, "Being the leader in the industry is expensive."

Norton, the benefits consultant, said the expensive part of health care is the treatment of employees at hospitals. He recommends that chains require their employees to get a second opinion before surgeries that are often not required, such as hysterectomies.

At Longs, if the physicians' opinions differ, the chain will allow a third opinion and pay 100% of the cost. Longs also pays more of the costs of employees who seek a second opinion.

In addition to reducing unnecessary surgery, Longs also attempts to have its employees treated as outpatients instead of in the hospital whenever possible.

Chains also are finding they can reduce medical expenses by encouraging their employees to eat better, exercise and, above all, not to smoke.

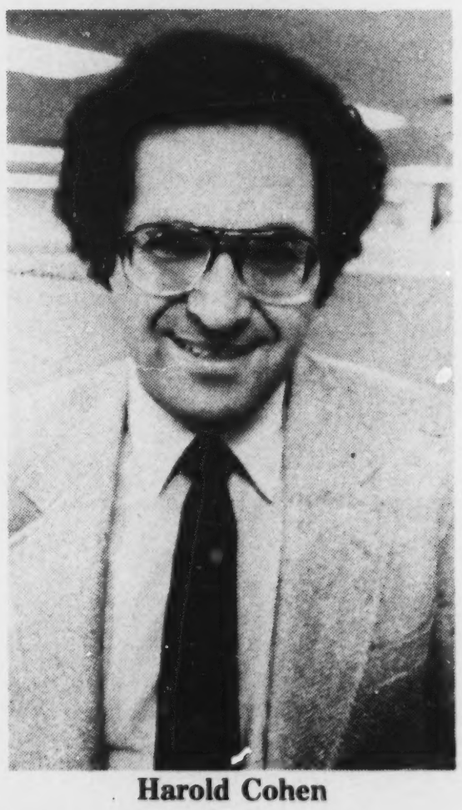
Cohen joins staff of DrSN

NEW YORK—Harold Cohen, a registered pharmacist for 15 years, has joined the staff of *Drug Store News* as assistant pharmaceutical editor.

Cohen is a 1969 graduate of Rutgers University, College of Pharmacy. Soon after graduating from school and obtaining a license as a registered pharmacist, he went to work at a Shop Rite pharmacy owned by Foodarama, Freehold, N.J. He rose to the position of manager at Shop Rite and later left to open his own pharmacy in Jackson, N.J.

Cohen comes to *Drug Store News* with an in-depth knowledge of retail pharmacy and store operations.

He resides in Ocean Township, N.J., with his wife Roz and their two children, Jodi and Rachel.



Harold Cohen

American alters management team

SALT LAKE CITY—American Stores Co. has realigned part of its senior management team.

Richard G. Dunlop was named vice chairman and treasurer. Dunlop, formerly executive vp and secretary, replaces Richard Shanaman, who has left American Stores to join Triad Utah, a development company as executive vp and treasurer.

In a series of related moves, the company made several key appointments at the senior and executive vp level. Victor L. Lund was named senior vp and controller. He had previously been vp and controller.

Scott Bergeson, formerly president of American Stores Management Systems Co., a wholly owned subsidiary of American Stores, has been appointed executive vp, administration and assistant secretary.

Michael Miller was named senior vp/investor public relations and assistant secretary. Miller had been vp and assistant secretary.

David Tomsen joined American Stores as senior vp of planning. Tomsen most recently was with the consulting firm William M. Mercer Co. in Los Angeles, Calif.

American Stores was operating 1,019 retail food, drug and combos in 28 states, including Skaggs and Rea and Derick drug stores, at the close of the first half of the company's current fiscal year.

News in brief

Oct. drug store sales rise 1.2%

WASHINGTON—Drug store sales rose in October, but not as fast as the rest of the retail industry.

Preliminary unadjusted figures from the U.S. Commerce Department indicate drug store sales for October were $3.178 billion, up 1.2% from $3.14 billion in September.

The October figure was 7.6% better than the $2.953 billion reported for October 1982.

For all retailers, sales for October 1983 were $100.006 billion, up 2.1% from $97.873 billion in September. October 1983 sales for all retailers ran 9.6% ahead of October 1982, when sales of $91.416 billion were reported.

Pereira joins Fay's marketing dept.

LIVERPOOL, N.Y.—Abe Pereira has joined the marketing department of Fay's Drug assigned to special projects. He will be responsible for special merchandising, marketing and promotional programs, as well as a limited number of buying functions. Pereira, 47, formerly worked as a buyer, promotional manager and then vp for merchandising at the Toledo-based Lane division of Peoples Drug.

Cardelle joins Demoulas

TEWKSBURY, Mass.—Don Cardelle, formerly senior vp for merchandising at Carls Drug, Rome, N.Y., has joined the 35-store Demoulas supermarket chain here. His assignment will include development of plans for the chain's first freestanding Lee drug store, scheduled to open later this year in Lowell, Mass.

Taylor profits up 100%

LOUISVILLE, Ky.—Retiring Taylor Drug chairman Bill Harrison Sr. parted from the company on a high note. The privately held 47-store chain will show a 100% profit increase and a 16% sales gain when its fiscal year ends later this month. Sales are estimated at $55 million.

F&M opens Grand Rapids store

GRAND RAPIDS, Mich.—F&M Distributors, the Warren, Mich.-based deep-discount chain, has opened a new store in Grand Rapids bringing to 12 the total number of these low-margin health and beauty aids outlets operated by the chain.

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Vol. 5, No. 25 November 28, 1983

Bravo! Rx depts. make gains despite obstacles

By Elizabeth Parks

No one in the retail industry can ever be said to have an "easy" job, but without taking anything away from the people who run restaurants or supermarkets, discount stores or department stores, let it be said that running a drug store in today's economic/political environment is especially harrowing.

Whether the business is run by an independent or a chain, there are pressures being brought on today's management that can make even the boldest and most astute business executive quiver with anxiety: fixed fee reimbursements, MAC and new types of competition from sources like HMO's, hospitals, dispensing physicians, mail order programs, even pharmaceutical manufacturers.

That's why today when so many knives are poised against the retail pharmacist and the drug store manager, it's particularly encouraging to be able to report good news.

The eighties may be a particularly devastating time for pharmacists, but they're also a time in which the very factors that are breeding danger are also breeding opportunity.

Some philosopher once said that evil exists so that people can create and appreciate good; fear exists so that people can create and appreciate courage, and danger exists so that people can create and appreciate the ingenuity that circumvents danger.

In our last edition, Nov. 14, we published the results of our third annual pharmacy operations study, and although it certainly can't be said that pharmacy is rocketing to new heights of profitability, neither can it be said that our industry is floundering.

Despite MAC, fixed fees for third-party scripts and the proliferation competition, the 2,246 pharmacy departments surveyed by *Drug Store News* showed healthy gains: Scripts increased 3% over 1982 and dollar sales were up 12%. Productivity also rose: The number of scripts processed per pharmacist hour rose 4%.

At a time in which many pharmacists confess that just staying even makes them feel successful, the operators surveyed by *Drug Store News* were pulling ahead of themselves. They were streamlining their businesses to find ways to defeat the scourges of MAC and fixed fees.

Faced with restrictions on two critical variables, purchasing and pricing, they were falling back on their own ingenuity and coming up with solutions that would make even the most discouraged believer in the free market system temporarily abandon his foxhole to jump for joy.

Clearly the retail pharmacists surveyed by *Drug Store News* weren't just sitting around on their hands waiting for times to get better. They were reassessing their businesses and their dilemmas and coming up with programs that gave them the momentum to carry on.

Many were reaping the rewards of having installed pharmacy computers, while others were revamping their distribution systems.

Clearly the growth wasn't coming through higher prices. Average margins in 1983 were just 0.1% higher than in 1982. But inventory turnover was better—7.4 times in 1983 as opposed to 7 in 1982. And merchandising and advertising were obviously better.

This doesn't mean, of course, that the industry should give up the fight against unnecessary evils such as MAC and fixed-fee reimbursement programs.

But it does mean that good business planners can not only survive but actually prosper if they work hard and they're clever.

So, for pharmacists who have gotten their share of bad news in 1983, the *Drug Store News* survey hopefully proves there's something to cheer about too. Now the challenge is to keep on struggling to acquire those skills and those programs that will make 1984's survey results even stronger.

Washington Perspective

Importers oppose 'anticounterfeiting' bill

By Ken Rankin

The chain drug store industry is not alone in its concern that pending Federal "anticounterfeiting" legislation could be used to frustrate consumer acceptance of lower-cost generic drugs.

The American Free Trade Association—a group of H&BA importers and distributors opposed to the controversial bill—echoed fears raised earlier by the National Association of Chain Drug Stores that the unprecedented "search and seizure" powers granted to brand-name manufacturers by this legislation could be used to discourage pharmacies from even stocking generics.

The stated goal of this legislation is not to hamper price competition at the retail level, but rather to halt the distribution of goods bearing counterfeit trademarks. It would accomplish this through stiff new criminal penalties for "traffickers" (up to five years in prison, plus $1 million fines), and by enabling brand-name manufacturers to orchestrate "*ex parte*" (no warning) search and seizure raids against retailers suspected of dealing in pirated goods.

Understandably, that "*ex parte*" search and seizure provisions has come under sharp attack by a variety of retail industry groups in and out of the drug store field.

Earlier this month, in fact, the broadly based American Retail Federation adopted an NACDS-supported policy statement charging that the so-called anticounterfeiting measure is "inequitable, overboard and has the real potential for injuring our industry."

Significantly, ARF joined with NACDS in expressing concern that the bill's vague definition of a "counterfeit" product as one bearing a "spurious" trademark could lead to serious problems for the nation's drug stores.

"The bill's scope is not restricted to intentional out-and-out piracy of brand-name products" and "its drastic penalties and procedures could be invoked even in 'garden variety' trademark infringement disputes between competing" manufacturers, the Federation charged.

"As a result, private label products, generic drugs and other beneficial trade practices may be jeopardized," ARF concluded.

In an even more detailed expression of concern, the American Free Trade Association warned Congress that the bill's vague definition of counterfeit merchandise "could easily be applied to properly labeled goods in packaging similar in size, color and shape to that of trademarked goods."

Specifically, AFTA warned that despite the Supreme Court's landmark *Inwood v. Ives* ruling last year clearly legalizing so-called generic "look-alike" drugs, the pending anticounterfeiting legislation could be used to halt the distribution of "properly labeled goods in packaging of substantially similar color, size and shape" as brand-name products.

Drug store H&BA market share down 2%

NEW YORK—Drug store market share of 25 leading health and beauty aids categories fell by two percentage points in July-August vs. the same period last year, according to the latest data available from A. C. Nielsen.

In comparing retail drug sales with those of food stores and mass merchandisers, Nielsen found that the drug store share decreased to 32.2% from 34.2% a year ago.

The decline came despite an overall increase in drug store sales of the 25 leading product categories to $743 million from $726 million last year.

Most of the drug store loss was picked up by food stores, continuing the long-term shift of H&BA volume to higher traffic supermarkets as they aggressively pursue nonfood sales.

Food stores gained 1.3 share points to 52.7% as their sales rose to $1.2 billion from $1.1 billion in the same period a year ago. The remaining 0.7 of a percentage point was gained by mass merchandisers, whose dollar volume grew to $349 million from $306 million.

In a comparison of July-August figures with those of May-June 1983, the survey found that the drug store share of dollar sales for the 25 leading products decreased to 32.2% from 32.9%, while mass merchandisers increased to 15.1% from 14.4%.

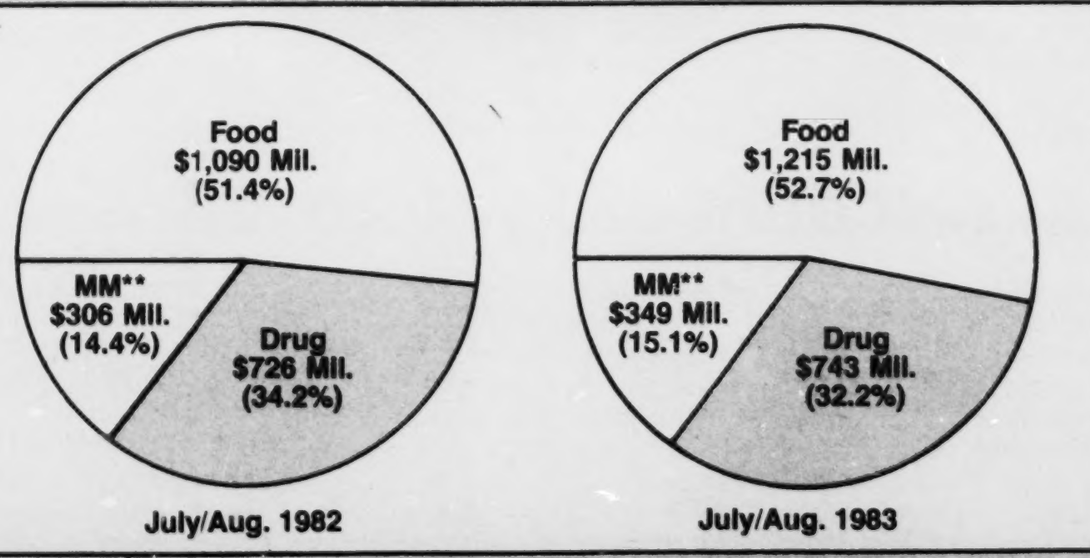
Drug store share of unit volume also declined on a year-to-year basis, to 28.6% from 30.6%. Food store share of unit volume increased to 54.2% from 53.4%.

In a year-to-year comparison of performance in the four major H&BA categories—men's products, remedies, oral hygiene and women's products—drug stores did not fare well.

While dollar sales were up in all four categories, unit movement declined in the two biggest volume producers—remedies and women's products.

For remedies, unit volume declined to 68.2 million pieces from 70.5 million in the same period a year ago. For women's products the decline was from 110.6 million to 108 million.

Food and discount stores gain market share in 25 H&BA categories*



*Men's hair preps, razor blades, aerosol shave creams, after shave lotion and cologne, dentifrices, oral antiseptics, multiple vitamins, cold tabs, sinus headache remedies, topical antiseptics, headache remedies, stomach remedies, disposable diapers, food remedies, shampoos, deodorants, feminine deodorants, sanitary protection, hand lotions, face creams, hair coloring, hair fixatives, home permanents, after shampoo products, bath additives.

**Mass merchandisers

Source: A. C. Nielsen Co.

DRUG STORE NEWS

Incorporating
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FINANCIAL

Malone & Hyde income up

MEMPHIS—Malone & Hyde reported a net income gain of 28.3% and an 11.4% sales increase for the quarter ended Sept. 17.

Net income for the first quarter was $6.8 million, up from $5.3 million for the first quarter last year. Sales for the quarter were $611.6 million, up from $549 million.

Earnings per share for the first quarter were 42¢, up 27.3% from 33¢ in the comparable quarter last year.

J. R. Hyde III, chairman and president, said he foresees continued strong earnings for the remainder of the year, but added that "the rate of increase should slow as we compare results against prior year periods in which sales and profits have already been enhanced."

Kroger income plummets

CINCINNATI—The Kroger Co., the parent of SupeRx, reported a sales gain of 3.9% for the third quarter ended Oct. 8, but a decline in net income of 42%.

Sales for the quarter were $4.5 billion, up from $4.33 billion for the corresponding period last year. Net income for the quarter was $28.5 million or 62¢ a share, down from $49.2 million or $1.04 a year ago.

Kroger did not break out the performance of SupeRx.

For the three quarters ended Oct. 8, sales increased 1.9% to $11.46 billion from $11.25 billion. Net income decreased 35.3% to $85.4 million from $132 million during the comparable period last year.

Earnings per share for the first three quarters were $1.84.

Begley Drug profits drop despite 8.7% sales increase

RICHMOND, Ky.—Sales at Begley Drug for the quarter ended Sept. 30 increased 8.7% to $14.5 million from $13.3 million for the comparable quarter last year.

However, there was a net loss of $10,214 on a LIFO basis, down from a net income of $127,963 for the comparable period last year.

The loss amounted to 2¢ per share.

The net income for the quarter last year included a one-time amount of $140,000 or 25¢ per share, for Begley's sale of its interest in a shopping center.

Although Begley's operating income from continuing operations exceeded the profits from the comparable period last year, Robert J. Begley, chairman and president, said he was disappointed with the results.

"We did not make our projections, but we will be on track by the end of the fiscal year," he said.

Begley said the chain did not control its expenses well and had remodeled too many stores in the first half of the year. Eight of the chain's 46 drug stores were remodeled.

The continuing drought in Kentucky has caused farmers to hold back on spending, preventing volume increases at drug stores, Begley said. In addition, coal mining, the other major economic activity in the area, remains depressed.

The local economy has not generated enough volume at the drug chain to support the remodeling program this year, although 20 stores were remodeled last year.

For the six months ended Sept. 30, sales increased 8.5%

Walgreens Oct. sales rise 15%

DEERFIELD, Ill.—Walgreen Co. sales for October increased 15% to $199.6 million from $173.5 million for the same month last year.

Walgreen's chairman Charles R. Walgreen attributed the strong showing to "the favorable sell through of Halloween merchandise, strong prescription sales and the continuing good performance of our restaurants."

Big B tumbles 18% as drug stocks decline

Name	Symbol	STOCK PRICE 10/21/83-11/7/83 High	Low	Close	Change Amt.	Change Pct.	52-Week High	52-Week Low	TREND TO MARKET Price Trend (% per day) Last 30 Days	Price Trend Last 5 Days	Volume Trend (% per day) Last 30 Days	Volume Trend Last 5 Days	EARNINGS/SHARE Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change Amt.	Change Pct.	5-Year Annual Growth Rate	Profit Margin	P/E Latest P/E Ratio	DIVIDENDS Indicated Dvd. Rate Amt.	Yield	Last X-Dvd. Date	FINANCIAL POSITION Last Fiscal Year Revenue	Earnings	Current Ratio	Last Fiscal Year (Per Share) Long Term Debt	Common Stock Equity	Last Balance Sheet Date
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Chain Store transactions																											
Adams Drug	ADG	21.00	20.13	20.75	.00	.00	24.88	8.25	-.19	.35	-2.45	12.37	1.12	.36 S	41.3	17.0	1.6	16.9	.04	.2	09-09-83	286.2	4.6	2.8	8.00	9.74	1282
Am Stores	ASC	43.38	39.00	39.75	-.50	-1.24	44.00	18.72	.22	-.55	-3.07	-.30	2.69	.85 S	37.6	45.0	1.2	12.8	.48	1.2	09-20-83	7507.8	90.4	1.4	11.95	12.14	0183
Begley Drug	BGLY	22.00	21.25	21.25	-.75	-3.41	24.00	9.50	.02	.26	7.30	.00	1.47	1.52 Q	NC	-11.0	1.4	14.0	.68	3.2	10-14-83	56.8	.8	1.8	11.50	17.52	0383
Big B	BIGB	12.00	10.00	10.00	-2.25	-18.37	14.50	5.94	-.99	-1.32	-3.48	.00	.39	.09 S	25.7	25.0	2.9	22.7	.00	.0	09-21-83	87.4	2.5	2.5	.21	3.36	1282
Dart Drug Corp	DRUGA	73.00	60.00	71.00	4.00	5.97	148.00	22.00	-.52	3.32	5.25	-42.27	5.43	5.52 S	203.6	133.0	3.1	8.6	.13	.2	09-02-83	291.8	9.1	2.0	12.01	28.91	0183
Eckerd, Jack	ECK	28.13	25.25	28.13	1.63	6.13	34.88	22.88	.19	2.16	-3.18	1.28	1.91	.01 F	.5	6.0	3.1	14.7	.96	3.4	08-08-83	2325.0	71.7	2.0	.30	15.17	0783
Fays Drug	FAY	13.75	11.38	11.50	-2.00	-14.81	13.75	4.50	.45	-1.41	2.57	7.54	.48	.17 S	48.5	34.0	2.0	22.1	.16	1.4	09-06-83	270.3	5.5	2.0	2.17	2.23	0183
Genovese Drug	GDX	16.88	15.00	15.50	-.75	-4.62	17.88	5.44	1.21	.73	-1.98	-4.70	.67	.25 S	47.1	33.0	1.6	19.9	.16	1.0	10-06-83	158.7	2.6	1.7	1.90	4.95	0183
Hook Drugs	HOOK	26.50	26.00	26.25	.25	.96	29.75	15.34	.27	.10	.87	35.94	1.52	.73 N	55.7	10.0	2.3	12.9	1.00	3.8	10-07-83	285.2	6.6	1.7	2.86	9.37	1282
Longs Drg Strs	LDG	45.63	43.63	45.13	.75	1.69	50.13	33.75	.19	.72	.35	-17.10	2.92	.30 S	10.4	10.0	2.8	14.3	1.12	2.5	08-24-83	1123.2	30.9	1.8	.00	18.76	0183
Pay N Save	PAYN	25.00	22.88	25.00	.75	3.09	27.25	13.00	.03	1.97	-3.18	6.92	1.52	.77 S	66.3	2.0	1.6	13.0	.56	2.2	08-15-83	1043.2	16.8	2.3	17.01	14.32	0183
Pay Less NW	PAY	17.00	15.00	16.75	1.00	6.35	20.19	12.25	-.60	2.91	3.74	-7.61	1.07	.16 S	16.3	-1.0	2.5	14.7	.27	1.6	12-19-83	784.7	19.4	2.0	5.26	6.07	0183
Peoples Drug	PDG	27.88	23.25	25.13	-3.00	-10.67	31.75	16.09	-.41	2.05	6.10	-9.16	1.39	.36 N	27.0	22.0	1.5	14.9	.28	1.1	11-18-83	688.4	10.5	1.9	4.97	10.08	0982
Perry Drug	PDS	20.88	18.75	19.00	-2.00	-9.52	22.38	7.34	.41	-.68	-2.19	52.66	.73	.08 N	10.3	4.0	1.2	22.4	.20	1.1	08-15-83	244.3	2.9	1.9	6.04	6.50	1082
Revco Drug	RDS	35.63	32.63	32.63	-2.50	-7.12	36.25	25.09	.07	-1.08	.00	-14.26	2.13	.53 Q	31.3	25.0	3.7	14.7	.68	2.1	08-22-83	1792.8	66.5	2.5	1.33	11.59	0583
Rite Aid Corp	RAD	42.25	39.25	41.00	1.25	3.14	44.75	28.19	.38	.03	-2.89	13.45	2.37	.52 S	25.6	27.0	3.9	16.1	.64	1.6	10-11-83	1294.7	49.9	1.7	1.17	12.38	0283
Thrifty Cp	TFD	19.00	17.13	18.00	-1.13	-5.88	25.25	8.63	-.10	.02	-2.57	4.59	1.13	.21 F	22.8	18.0	1.9	15.9	.46	2.6	11-03-83	1187.8	22.5	1.5	5.62	6.14	0882
Walgreen Co	WAG	39.63	35.63	36.75	-.50	-1.34	39.63	24.31	.39	.93	-.47	-16.67	2.25	.39 F	20.9	36.0	2.9	16.3	.72	2.0	11-04-83	2360.6	69.0	1.5	1.79	9.81	0682
Wholesaler's transactions																											
Bergen Bruns	BBCA	29.25	27.00	27.13	-2.13	-7.27	39.50	24.19	.00	-.63	-2.20	61.02	1.60	.25 F	18.5	49.0	1.4	17.0	.32	1.2	10-26-83	1452.0	20.0	1.7	4.09	7.72	0882
McKesson Cp	MCK	42.38	38.88	40.75	1.25	3.16	51.00	37.50	.12	-.19	.34	-49.32	3.44	-.09 S	-2.5	5.0	1.6	11.8	2.40	5.9	08-26-83	4053.7	63.2	1.6	15.78	29.70	0383
Foxmeyer Cp	FOXM	26.75	24.75	25.75	1.00	4.04	28.50	23.75	.03	-.31	3.15	-12.23	.94	1.32 S	NC	199.0	.7	19.5	.00	.0	00-00-00	351.1	2.3	2.2	15.38	3.87	0383
Ketchum	KCH	14.75	13.50	13.50	-1.38	-9.24	17.81	4.50	-.38	.09	-5.86	-50.00	.89	.48 Q	111.6	258.0	.4	14.8	.00	.0	09-26-83	211.4	.9	1.5	5.87	5.68	0483
Owens & Minor	OBOD	17.50	16.50	17.25	.25	1.47	19.25	12.75	-.02	.28	-11.01	-53.35	.77	.18 N	16.3	5.0	.7	13.5	.32	1.9	06-17-83	211.4	1.5	2.8	10.55	9.76	1282
Spectro Indus	SPO	20.00	17.50	19.25	-1.25	-6.10	28.75	13.69	-.75	2.39	1.24	41.40	1.35	.34 S	30.0	50.0	1.6	13.1	.14	.7	09-19-83	339.1	5.4	1.7	2.86	7.24	0383
Manufacturer's transactions																											
Abbott Labs	ABT	51.88	48.75	49.13	-2.13	-4.15	53.38	34.25	.19	-.75	1.95	14.31	2.37	.44 N	19.4	26.0	11.1	18.2	1.00	2.0	10-07-83	2602.4	289.1	1.3	1.56	10.74	1282
Am Home Prod	AHP	54.25	51.00	52.00	-1.38	-2.58	54.25	41.75	.47	-.56	.00	-.01	3.59	.39 N	11.1	16.0	12.2	13.4	2.40	4.6	11-03-83	4582.1	560.1	2.7	.00	11.83	1282
Baxter Travenol	BAX	55.50	52.38	52.63	-2.38	-4.32	62.63	43.50	-.32	-1.10	.70	23.52	2.44	.52 N	22.6	25.0	11.2	18.7	.56	1.1	09-02-83	1671.4	186.9	2.0	2.36	15.04	1282
Block Drugs Co	BLOCA	27.00	26.00	26.00	-1.00	-3.70	35.50	18.13	-.28	.08	-7.46	25.00	2.93	.38 Q	14.4	14.0	9.7	8.6	1.00	3.8	11-25-83	219.0	21.3	2.5	2.42	18.37	0383
Bristol-Myers	BMY	47.88	43.63	43.75	-3.13	-6.67	47.88	31.19	.28	-.14	-.38	-23.20	2.59	.35 N	13.7	18.0	9.7	15.1	1.20	2.7	10-03-83	3599.9	348.7	2.3	.84	12.68	1282
Carter-Wallace	CAR	22.75	20.25	20.63	-1.63	-7.30	29.00	17.63	.25	.35	-.77	31.15	2.12	.53 Q	32.9	39.0	5.7	9.6	.44	2.1	08-01-83	289.9	16.5	2.6	1.57	20.15	0383
Cooper Labs	COO	37.00	29.50	29.50	-7.50	-20.27	49.00	21.75	-.68	-.97	.50	-11.34	.85	.49 N	58.3	22.0	3.4	22.2	.40	1.4	09-09-83	363.2	12.3	2.7	11.11	9.38	1082
Forest Labs	FRX	33.25	26.75	28.00	-5.50	-16.42	40.75	13.13	-.53	-1.11	3.41	7.58	.48	-.08 S	-13.5	124.0	13.4	54.9	.00	.0	01-14-83	18.6	2.5	3.7	.37	3.03	0383
ICN Pharm	ICN	8.63	6.63	7.50	-1.13	-13.04	15.25	6.63	-.77	1.93	-4.15	-29.25	.42	-.11 N	-27.5	121.0	7.8	25.9	.00	.0	00-00-00	38.7	3.0	1.8	.65	3.81	1182
Key Pharm	KPH	18.50	13.59	16.00	-2.50	-13.51	25.94	13.59	-.75	-.20	-.62	-6.79	.34	.15 N	51.7	161.0	14.9	36.4	.13	.8	11-04-83	82.3	12.3	1.6	.03	1.14	1282
Lilly Eli Co	LLY	68.38	63.13	67.50	3.50	5.47	68.38	55.38	.45	.01	-.88	4.76	5.42	.62 N	11.8	13.0	13.9	11.5	2.90	4.3	11-07-83	2962.7	411.8	1.9	.65	27.10	1282
Lee Pharm	LPH	2.75	2.00	2.63	.13	5.00	4.38	2.00	-.41	8.18	3.46	9.09	-.65	.72 N	NE	-132.0	-12.6	NE	.00	.0	00-00-00	10.3	-1.3	1.9	.46	1.98	0982
Marion Labs	MKC	44.50	39.00	39.13	-6.00	-13.30	48.00	22.06	-.04	-1.80	-.87	-42.15	.78	.33 Q	60.0	13.0	8.2	44.5	.32	.8	09-14-83	181.2	14.8	2.5	.05	5.93	0683
Merck & Co	MRK	101.38	93.50	95.63	-6.13	-6.02	104.63	78.50	.11	-.53	.48	-9.45	5.61	.51 N	9.2	9.0	13.6	15.9	2.80	2.9	08-29-83	3063.0	415.1	2.1	4.56	29.81	1282
Morton Thiokol	MTI	78.50	75.50	76.25	-.75	-.97	80.50	48.13	.29	-.14	.45	-28.64	5.15	1.45 Q	35.8	16.0	5.2	13.9	1.76	2.3	11-23-83	1509.2	78.5	1.4	8.90	32.79	0683
Newport Pn	NWPH	8.75	7.38	7.88	-.88	-10.00	11.38	5.25	-.11	-.19	-.42	.95	-.03	.01 Q	NE	56.0	-3.4	NE	.00	.0	00-00-00	8.8	-.3	3.7	.24	1.12	0483
Pfizer Inc	PFE	41.25	37.88	39.00	-1.38	-3.41	44.75	33.00	-.12	.41	-1.12	-14.28	2.13	.58 N	28.5	15.0	9.6	14.9	1.16	3.0	11-14-83	3453.6	332.8	2.0	3.37	12.82	1282
Reid Prov Labs	REID	3.25	2.75	2.75	-.25	-8.33	6.09	1.28	-.55	-2.43	.14	39.36	.10	.07 Q	116.6	72.0	6.1	21.2	.05	1.8	12-09-83	11.4	.7	3.1	.03	.80	0683
Robins, AH	RAH	27.25	26.25	26.75	.13	.47	29.38	15.88	-.12	.07	.40	-34.46	1.98	.51 N	27.4	19.0	10.1	11.3	.68	2.5	08-18-83	482.3	48.7	4.0	1.50	13.29	1282
Rorer Group	ROR	27.88	26.50	27.63	.75	2.79	31.13	21.25	.12	.39	.09	-4.22	1.82	.15 N	8.3	12.0	9.0	14.2	1.08	3.9	11-03-83	402.4	36.3	2.1	1.13	9.54	1282
Scherer RP Co	SCHC	17.50	16.50	17.50	.50	2.94	29.63	16.38	-.39	1.60	-1.76	-25.00	1.13	-.04 Q	-3.8	8.0	5.2	17.7	.30	1.7	09-07-83	169.7	8.8	2.5	4.57	10.88	0383
Searle, GD	SRL	51.88	47.25	48.63	-2.75	-5.35	55.88	34.75	-.04	.90	-1.48	-47.07	2.77	-.13 N	-5.1	25.0	13.5	20.4	.52	1.1	08-09-83	1036.9	140.4	2.2	4.10	13.32	1282
Squibb Corp	SQB	52.13	49.50	50.75	.13	.25	55.63	38.25	-.01	.10	-2.40	-20.15	3.01	1.69 N	111.9	2.0	9.2	15.9	1.44	2.8	11-14-83	1660.8	153.6	2.3	6.54	21.29	1282
Sterling Drug	STY	29.63	27.50	28.75	.63	2.22	29.63	21.75	.45	.92	-4.05	2.69	2.17	-.02 S	-.9	9.0	7.3	13.3	1.12	3.9	08-11-83	1796.2	132.0	2.8	1.19	14.16	1282
Syntex Corp	SYN	59.25	56.50	57.50	-1.13	-1.92	62.50	44.13	.09	.25	-5.80	-.28	4.30	.45 F	11.6	47.0	17.2	13.4	1.40	2.4	11-03-83	870.2	149.3	2.2	1.11	17.03	0782
Thompson Med	TM	17.63	12.75	17.25	1.25	7.81	26.00	7.56	1.86	.50	2.56	36.43	1.16	.48 N	43.2	69.0	12.7	10.8	.28	1.6	09-26-83	91.0	11.6	4.5	.00	4.53	1182
Upjohn Co	UPJ	60.38	57.50	57.50	-2.25	-3.77	68.75	42.75	.16	-.44	-6.74	-2.40	4.18	.10 N	2.0	5.0	6.9	11.5	2.28	4.0	09-30-83	1828.7	126.0	2.0	15.26	32.19	1282
Warner-Lambrt	WLA	30.25	28.63	29.00	-1.00	-3.33	35.00	25.75	.15	-.32	.42	-7.17	2.05	.09 N	4.1	-3.0	5.0	12.7	1.48	5.1	10-31-83	3246.0	163.2	2.1	8.51	17.28	1282

KEY: NA — Not Applicable NC — Not Calculable NE — Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year

*** — Other than a quarterly multiple resulting from a fiscal year change.**

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA

MERCHANDISER

Buyers expect sunglass recovery in '84

By Jim Ricchiuti

After nearly two years of relatively flat sales, drug retailers are poised for a strong showing from the sunglasses category next year.

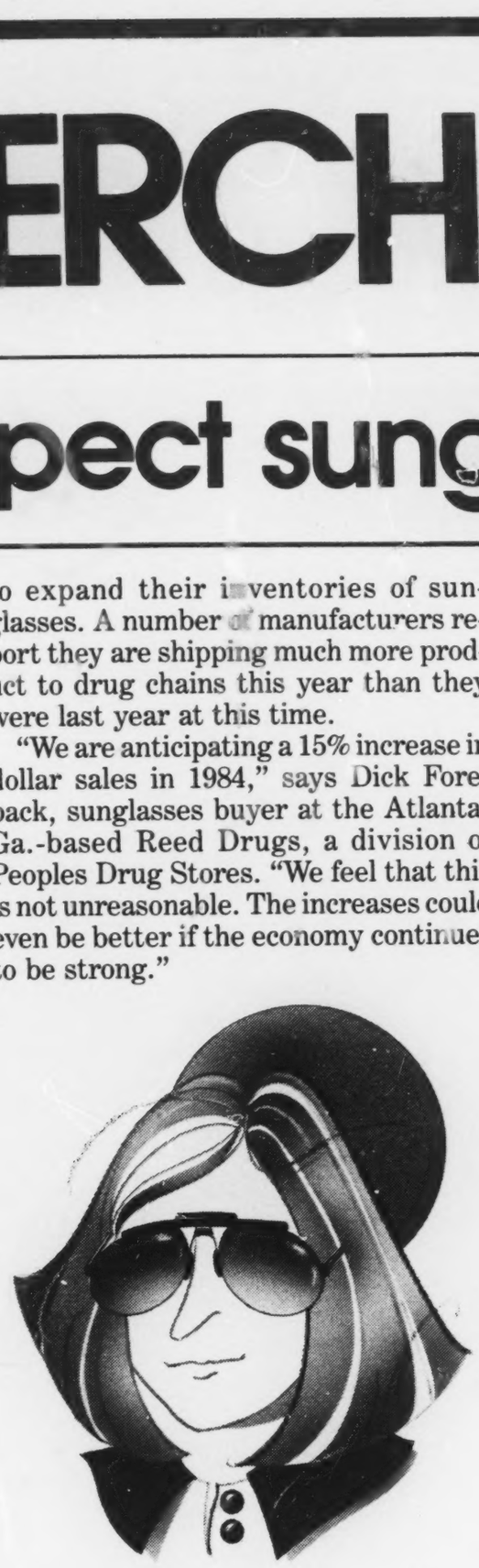
This year, sales of sunglasses showed signs of improvement over 1982 when unit growth was down by as much as 10%, according to some industry sources. However, many drug retailers report that at best the sunglasses category improved only somewhat this past summer.

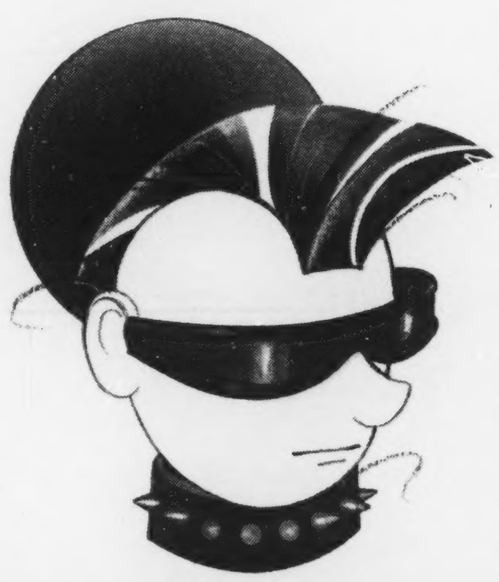
Among the reasons cited for the lethargic sales were the weak economy, which served to discourage impulse sales, a glut of designer sunglass brands and the decline of a leading supplier of moderate priced sunglasses, which has since resurfaced and is making a strong push for the drug trade.

Both manufacturers and retailers expect that growing economy will be a major factor in the projected increases in sunglasses sales in 1984. During the first eight months of 1983 dollar volume was up approximately 6% and unit growth increased 1% to 2%.

The apparent rise in the level of consumer confidence, which has prompted many people to loosen their purse strings, has also led many drug chains to expand their inventories of sunglasses. A number of manufacturers report they are shipping much more product to drug chains this year than they were last year at this time.

"We are anticipating a 15% increase in dollar sales in 1984," says Dick Foreback, sunglasses buyer at the Atlanta, Ga.-based Reed Drugs, a division of Peoples Drug Stores. "We feel that this is not unreasonable. The increases could even be better if the economy continues to be strong."





Not only will a strong economy have a stimulative effect on sales, many chain drug buyers say the consumer's sense of fashion—the desire to have sunglasses that match his or her lifestyle and dressing habits—now plays an even greater role in the multiple sales of sunglasses.

A number of buyers agree with Reed's Foreback, who says that "a large part of the business is fashion."

"As people have more money to spend, I think they will buy more sunglasses to go with different outfits," he notes.

John Schultz, advertising and sales promotion manager at the Gemmel Pharmacy Group, a 13-store chain based in Ontario, Calif., says that the key to selling sunglasses is to keep current with fashionable styles. "You really have to be on top of what style and what shape is selling," Schultz says.

In regions of the country that experience a much shorter selling season, buyers are cautious about making any sales predictions for next year. In these areas the selling season for sunglasses may only be three months and weather more often than not means the difference between a good year and a bad year.

Continued on page 37

Sales by type of retail outlets, 1982

Type of outlet	# of outlets	Retail volume (millions)	Share of sales	Avg. sale per outlet	Avg. selling price
Dept. stores	40,600	$194	27%	$47,783	$12.12
Drug stores	46,900	182	25	38,806	9.58
Discount stores	7,000	82	11	11,710	9.53
Food stores	77,900	43	7	N/A	9.50
Optical houses	9,800	79	11	8,060	18.29
Other	59,700	140	19	2,345	N/A

Source: Bausch & Lomb

Sunscreens wave of future, but teens still work on tans

Last year's unusually hot summer produced sales gains in all the suncare categories. But most buyers feel the future growth of the category will be in sunscreens.

Despite the growing use of sunscreen products by consumers, drug retailers say that the traditional tanning lotions are still selling at a good rate.

While last year's sweltering summer produced strong across-the-board gains in the suncare category for most chains, many retailers note that there was more interest in products offering a higher Sun Protection Factor (SPF).

The growth of the sunscreens category has been dramatic during the past few years as consumers have begun to take seriously the warnings from medical authorities about the dangers of spending too much time under a hot summer sun.

But despite the rapid growth of sunscreen products retailers say it is premature to write off the traditional suntanning lotions and ointments. Some retailers, like Peter Del Ponte, buyer of suncare products at Douglas Drug in North Providence, R.I., say the net result of the influx of sunscreens has been an overall expansion of the entire suncare category.

"Consumers seem to be using both types of products," Del Ponte notes. He said that last summer the chain recorded sales increases in the suncare category of more than 20%.

Like many other drug chains, Douglas merchandises suncare products in an 8-ft. section, but generates the bulk of its sales in the category from floor displays located in the promotional aisles.

Maxine Merrifield, H&BA buyer for Pontiac, Mich.-based Perry Drug Stores, says the market is shifting toward sunscreens. However, she added that the younger age groups "still want a deep, dark tan."

Merrifield agrees that consumers are purchasing more than one suncare product. "It appears that they are buying something that will give them their tans and then an after-tan product that offers them more protection," she said.

Overall, Merrifield says, sales this year were excellent. "This was the first year that I did not have to return any suntan product," she noted.

Perry also merchandised the category differently this past summer. In the past the chain allocated 8 ft. to 12 ft. of a gondola for suncare products. This year, Merrifield says, the chain opted for more visibility and stationed the suncare products on endcaps in the front of

Continued on page 30

MERCHANDISER

Buyers forecast sunglass recovery for 1984

Projected sales of nonprescription sunglasses

Year	Dollar volume (millions)	% growth	Unit price	Unit vol.	% growth
1987	$1 billion	+ 5%	$13.90	72	−1%
1986	$950	+ 6	13.00	73	−1
1985	$895	+ 6	12.10	74	−1
1984	$845	+ 7	11.30	75	0
1983	$790	+10	10.50	75	4

Source: Packaged Facts

Continued from page 29

According to Jim Whitticom, merchandising director at Carls Drug Co. in Rome, N.Y., "service is the key to the sunglasses category, especially for retailers with a short selling season."

Whitticom like many other drug retailers believes it is crucial to get the right product from suppliers and offer it at price points that will not cause any shopper resistance.

Buyers for chains located in rural areas say consumers are generally reluctant to spend over $15 for a pair of sunglasses. These same buyers note that the bulk of sunglass sales in drug stores are in the $10 to $11 range.

Growing market

A new study of the sunglasses market by Packaged Facts, a New York-based information research company, projects that the average price per pair of sunglasses in 1984 will be $11.30. By 1987, the study says, sales of nonprescription sunglasses will reach $1 billion and the average price per pair will grow to $13.90.

According to Bausch & Lomb, 40% of total sunglass sales are generated by the $5 to $7.49 price category. Sunglasses priced between $7.50 and $9.99 produce 26% of the sales, and glasses with price points ranging from $10 to $14.99 account for 18%.

With the majority of the sunglass sales taking place at price points below $15, drug retailers appear to be in an excellent position to continue their strong hold on this lucrative market, and possibly even obtain a larger overall market share.

Industry sources say drug chains control between 25% and 28% of the estimated $700 million-plus sunglass market.

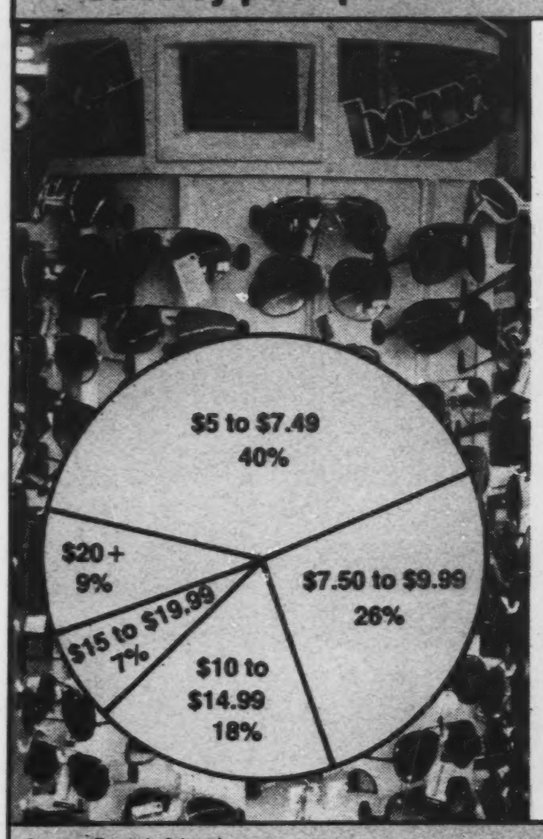
However, other observers say those percentages are misleading because they encompass the entire market, including high end purchases which traditionally have been controlled by department stores. Drug stores have elected not to concentrate on that portion of the market. Some sources in the industry say that drug chains account for as much as 50% of the low end sunglasses market—the one that matters most to drug retailers.

Overall, retail sales of sunglasses in 1984 could grow 10% to $790 million, according to Packaged Facts. The research firm said a 5% increase in dollar sales volume is likely and that a strong economy and a hot summer would add another 5%.

Unit volume next year is expected to reach 75 million. In 1982 it was 72 million.

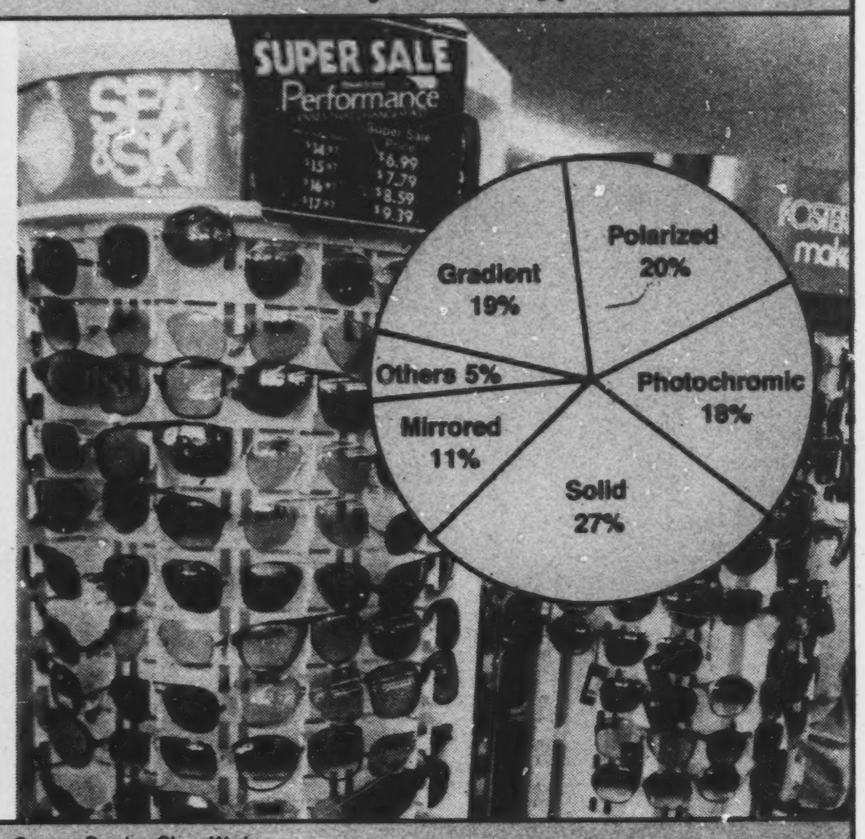
The sunglasses category is expected to get an additional shot in the arm this year as new lines are introduced by leading suppliers. Among the glasses manufacturers we believe will be hot sellers this year are single-shield, one-piece lenses, which sold extremely well in department stores last year; flip-up sunglasses; glasses with transparent frames, and color units including those with pastel shades.

Sales by price points

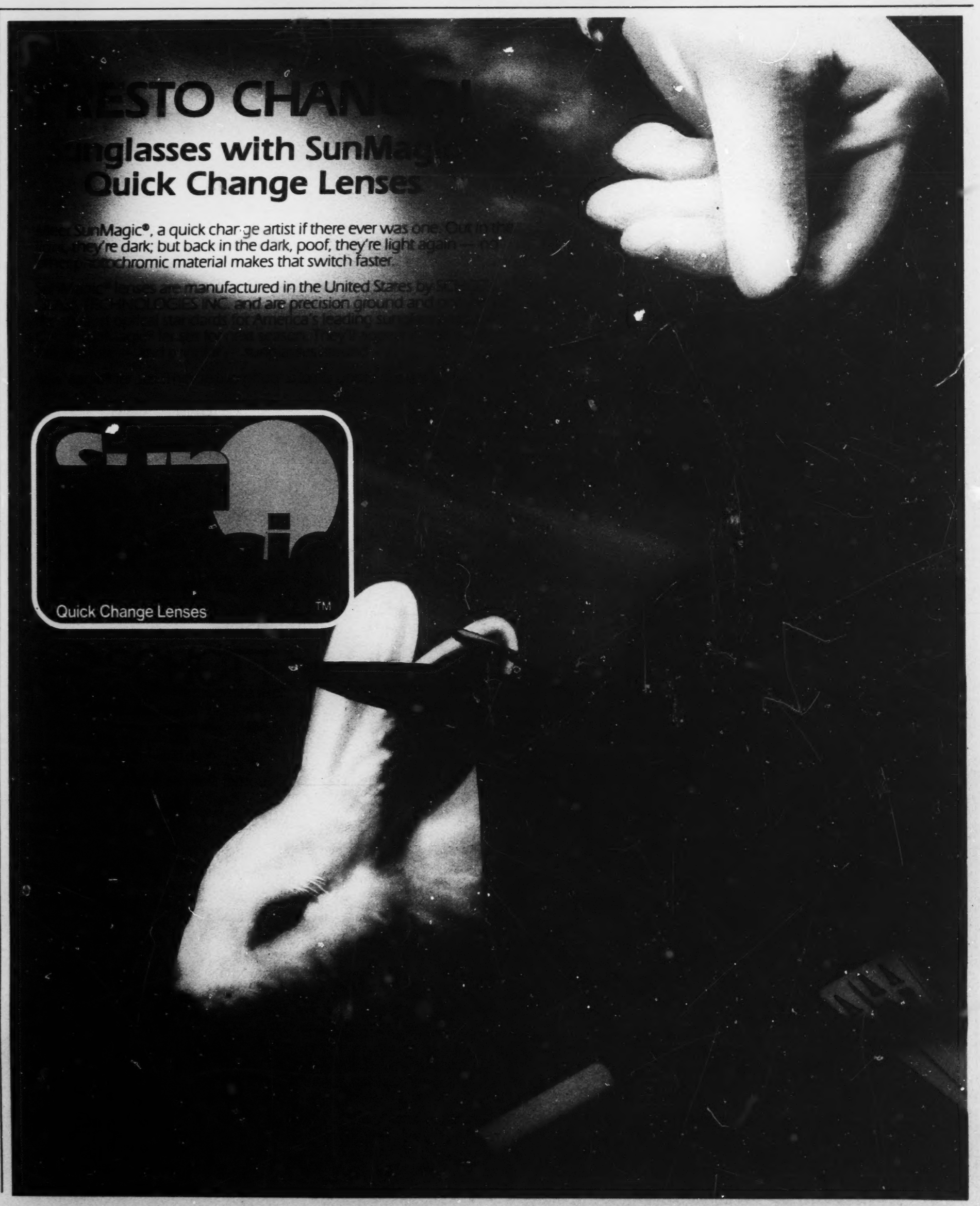


Source: Bausch & Lomb

Sales by lenses type



Source: Corning Glass Works



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THIRD ANNUAL

CONSUMER STUDY—p. 27

"Even though I know some of the prices are higher, I will still shop in a store where I know I'll get good quality."

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DRUG STORE NEWS

Vol. ... Serving the Retail Drug Store Industry for 55 years Published by Lebhar-Friedman Inc./December 12,1983

E...'d to launch checkout scanner test

CL... Fla.—Ecker... n testing check... in some stores ... ped with electronic cash registers designed to capture point-of-sale information.

The chain has already installed POS equipment that can be adapted for scanning in 100 stores. The scanning test, which is aimed at finding out if the laser devices can increase productivity, will begin in early 1984.

Stewart Turley, chairman and president of the Jack Eckerd Corp., told shareholders at the company's annual meeting that scanning equipment technology is improving.

"UPC and bar coding now amounts to 60% of the merchandise and 80% of the transactions in drug stores," Turley said. "It's getting close to the point where scanning will be more feasible."

Eckerd plans to test the scanners in two or three stores at the outset. The vendor and type of scanner—slot or hand-held laser device—have yet to be determined.

Recent developments in scanner technology have brought the price of the hand-held devices down to $1,400 for a 1-lb. unit that can be plugged into point-of-sale equipment.

Continued on page 78

Approximately 100 Eckerd stores are already equipped with electronic cash registers that can capture point-of-sale information.

OTC items called growth opportunity

SDM sets marketing drive

BRIDGETOWN, BERMUDA—Targeting over-the-counter remedies as a "major growth opportunity for the future," Shoppers Drug mart has announced plans for an aggressive marketing campaign aimed at improving the purchasing, promotion and sellthrough of new and existing OTC products.

New purchasing guidelines for OTCs—including direct involvement by pharmacists—more consumer advertising of OTC health aids, and improved education of pharmacists for selling through OTCs are key elements of the plan, announced here by Shoppers Drug Mart chairman Murray B. Koffler at the annual meeting of the Proprietary Association of Canada.

With Rx-to-OTC conversions of more and more drugs accelerating the movement toward self-medication, the community pharmacist is being perceived by the public as a "drug counselor and consultant," Koffler said.

"The challenge, therefore, is that pharmacists have to gear up to fulfill their new and expanding role," he continued. He must come out from behind the dispensary to the front shop and communicate with his customers."

This transition, he added,"is changing the perception, and frankly the actuality, of the pharmacist as an overeducated, underutilized member of the health care team to one of a vital, pro-active contributor to people's health, safety and well-

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Chains: Antacid curbs will trim ad spending

WASHINGTON—Over-the-counter drug advertising by drug chains will drop significantly if the Federal Trade Commission follows through on a proposed rule to restrict the promotion of nonprescription antacids, chain industry leaders warned.

In comments filed with FTC, the National Association of Chain Drug Stores charged that the proposal "will discourage a significant amount of OTC advertising by our members due to the increased costs that would be incurred in order to include . . . warning statements in their advertising copy."

Under the proposal, OTC antacid ads would have to contain Food and Drug Administration warnings found on the product's label.

According to the FTC, failure to state this information constitutes unfair and deceptive advertising.

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Peoples picks Va. for major distribution ctr.

FREDERICKSBURG, Va.—A computer-assisted site selection process has pinpointed this eastern Virginia community, located midway between Washington, D.C. and Richmond, Va., as the optimum site for construction of a new distribution center to serve up to 500 Peoples drug stores.

Pending final approval by Peoples' management and local government officials, construction of the $20 million, state-of-the-art facility is expected to begin early next year on a 40-acre industrial park site, on which Peoples currently holds an option to buy. The 350,000-sq.-ft. midrise building, which will contain an additional 160,-000-sq.-ft. double mezzanine, is expected to open in the spring of 1984.

When fully operational, the new center will replace three distribution centers (two in Richmond and one in Alexandria, Va.) that currently serve the 270 stores in Peoples' mid-Atlantic region. If current growth projections are

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Medicine Shoppe plans expansion speedup

ST. LOUIS—Medicine Shoppe International, which has 412 franchised pharmacies in 44 states, plans to accelerate its expansion with the $12.2 million expected to be raised with the company's first public stock offering.

For the fiscal year ended Sept. 30, pharmacies in the franchise system generated nearly $135 million in sales, a 34% increase over the previous year. The franchise units are heavily prescription-oriented, with scripts accounting for more than 89% of total sales.

According to a preliminary prospectus, revenues at the parent Medicine Shoppe company amounted to $8.9 million, or 6.5% of the sales volume generated by its franchisees.

In an offering being underwritten by Shearson/American Express Inc., the drug store franchiser plans to sell 900,000 shares at $13.50 per share. Another 100,000 shares are being put up for sale by senior executives including Mitchell Yanow, chairman and a director; Ira C. Gall, a director; Donald P. Gallop, secretary and a director and Aron Katzman, a director.

At Medicine Shoppe, the emphasis is on pharmacy. Prescriptions account for 89% of sales at a typical outlet.

Without the public offering, Medicine Shoppe could have continued to expand at the same rate as in fiscal 1983, when 65 franchises were added, according to the preliminary prospectus.

Medicine Shoppe intends to use the proceeds from the public offering to increase the rate of franchised pharmacy openings. The company helps prospective franchisees to finance the $40,000 to $50,000 required for inventories, equipment and working capital to begin their businesses.

The typical Medicine Shoppe pharmacy is an 800- to 1,000-sq.-ft. prescription center, usually located in a freestanding building or in a strip shopping center.

For the first three months of operation, a typical store can be staffed by an owner-pharmacist. Between three to six months after opening, a pharmacy technician generally is added to provide clerical as-

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LATE NEWS

WALNUT CREEK, Calif.—Longs Drug has promoted Stephen D. Roath to the newly created position of senior vp of marketing. In his new position, Roath will supervise the departments of merchandising and professional affairs. Roath had been vp and director of professional affairs before the promotion. The consolidation of merchandising and professional affairs into one post follows the departure of Al Wilent. Wilent, who had been vp of merchandising, will become vp and director of merchandising at Genovese on Jan. 1. Longs also promoted Dan Wilson from district manager to vp and district manager.

CONTINUING EDUCATION PROGRAM

Drug treatment of multiple sclerosis

BEST COPY AVAILABLE

Chains plan sell-through of Christmas goods

NEW YORK—Drug retailers are expecting to ring in the Christmas season with sales running at least 10% better than last year.

Despite the optimistic forecast, most chains do not plan to increase seasonal inventory levels to match the sales increase. Instead, most plan to sell through before Christmas Day.

"Although we expect sales to be between 8% and 12% better than last year, our inventories won't even be 8% higher than last year," said Cal Hendricks, vice chairman of the board at Pay 'n Save. The chain is planning to sell through.

Begley, Big B and Fay's Drug are following similar strategies and expect to sell through before Christmas Day. However, the management at Begley is not as optimistic as those at other chains because the economic recovery has not penetrated into Begley's Kentucky markets.

Other chains, such as Page Drug, are more hopeful and expect Christmas sales to be 15% better than last year.

"Sales have been running that much ahead of last year all along, and we expect it to continue during Christmas," said Jack Sprabary, merchandise manager at the Dallas-based drug chain.

Page put its Christmas merchandise out during the first week in November, which was earlier than in the past.

"The discounters and department stores had their merchandise out then, so we had to compete," Sprabary said.

Page is bucking the trend at most chains by stocking holiday inventory at a level that is 15% higher than last year's. Few chains are going with inventory levels more than 9% higher than in the Christmas 1982 selling season.

So far, Page already has made some right decisions. The chain was able to latch on to some Cabbage Patch dolls, which appear to be the hottest item this year. Most chains were unable to get them.

Other fast-moving items at Page include imported plush, and space-saving appliances. Sprabary said coffeemakers and can openers that fit under the kitchen counter and can openers that hang on walls are moving well.

At Big B, vp Arthur Jones said telephones will be bigger than last year, and candy and cosmetics are selling well.

"We're planning on selling through on seasonal merchandise and to restock cost cosmetics," he said. Overall, the chain is expecting Christmas sales to be at least 10% better than last year.

Big B does not plan to sell many toys, but is carrying the Atari 5200 video game system and the basic Atari line.

"The Timex Sinclair home computer is not selling as well as last year, but at $30, it is selling," he said.

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Space walk

Outsize plush toys pose two problems for retailers: Where to find the space to display the super-bulky items and how to keep little hands away from them. A Pay Less store in Oakland found the answer by suspending them on overhead wires. This way they get high visibility without using floor space and they do not become the darlings of the "play set."

After a year, Thrifty still testing recipe for convenience food dept.

LOS ANGELES—After testing a convenience food department at its headquarters store for almost a year, Thrifty Drug has expanded the section and continues to test at this store without any further commitment.

The original section—consisting of two 30-ft., 4-shelf facing gondola sides—remains. The addition is an 18-ft., 4-shelf section on the reverse side of one gondola. Thrifty has also added a 3-ft. bread rack. No dairy, deli, or frozens are carried.

In addition to adding space, Thrifty has redefined its merchandising approach on food. Now all the items on the two 30-ft. facing gondolas (canned juices, canned vegetables, coffee, tea, bread, crackers, cereal, shortening, jams-jellies, canned fish and meats, sauces and dressings, raisins, pasta, soup, gelatine, packaged dinners) are basic staples. Merchandise on the 18-ft. section consists of special buys and ad carryovers.

The 18-ft. section is across the aisle from chips, snacks and nuts, and adjoins liquor-beverage, thus ensuring strong impulse pick-up of related items.

Ad items are positioned on bay ends throughout the store, as well as on four of the 15 4-ft.-by-4-ft. midaisle tables. Three of these tables, stocked with food, abut the food gondolas.

Thrifty management has not indicated how long the test will continue. However, it is believed that Thrifty is considering three alternatives: to install food sections in other stores; to pull out the section in the headquarters store, or let the section remain only at the headquarters store.

Observers feel Thrifty will do the latter—retain only at the headquarters store—because it is an effective tool in projecting a low-price image to the low-income shoppers in the area. Another factor favoring retention is the strong competition across the street from Clark Drugs, which is heavily stocked with food.

News in brief

Longs income jumps 21%

WALNUT CREEK, Calif.—Net income at Longs for the third quarter increased 21% to $7.7 million from $6.3 million for the comparable quarter last year.

Sales for the quarter ended Oct. 27 were $290.6 million, up 7% from $272.2 million.

Earnings per share for the quarter were 72¢, up from 60¢.

For the three quarters ended Oct. 27, net income was $25 million, or $2.36 per share, up 18% from $21.1 million, or $2 per share, for the similar period last year.

Perry attains record sales goal

PONTIAC, Mich.—Perry Drug Stores reported that it had achieved its record sales goal of $285 million for the fiscal year ended Oct. 31. Sales were up almost 17% over the $244 million reported last year. Perry chairman Jack A. Robinson credited the strong growth to store expansion as well as an 11% sales increase in seasoned store volume. The chain closed the year with 185 stores.

Bloom joins Imasco board

MONTREAL, Quebec—David Bloom, president and ceo of Shoppers Drug Mart, has been named to the board of directors of Imasco Ltd., SDM's parent company. Imasco reported consolidated earnings for the six months ended Sept. 30 of $96.7 million, up 24% from earnings of $78.1 million in the comparable year-earlier period.

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Reactions of execs differ

Quaalude production will cease

SELLERSVILLE, Pa.—Lemmon Company's decision to halt the production of Quaalude, its brand name for methaqualone, was greeted by mixed reactions from chain drug executives.

While some execs praised the decision because of the abuse problem associated with the drug, others maintained that controlled distribution should continue as long as there remains a legitimate medical need for the drug.

Michael Zagorac, spokesman for the Jack Eckerd Corp., was one exec who reacted favorably to Lemmon's action. "We discontinued the sale of methaqualone almost two years ago," Zagorac said, "to bring higher public visibility to the abuse problem associated with it."

Zagorac pointed out that the banning of methaqualone sales had helped reduce Eckerd's pharmacy-related crime by 40%. In addition, testimony on the drug by Stewart Turley, chairman and president of the chain, had helped influence legislation in Florida and Georgia prohibiting the sale of methaqualone. California more recently banned sales of the drug.

In contrast, John Kern, vp of professional operations at Revco, said he thought methaqualone should be sold if there exists a legitimate purpose.

"Our job as a drug store is to fill prescriptions for legitimate reasons," Kern said. "If that need exists, then I can't see refusing to dispense the drug to the patient."

Although Lemmon has ceased the manufacture of Quaalude, Barry Edwards, the company's director of regulatory compliance, was quick to point out that a great deal of the "methaqualone" flooding the underground market is counterfeit.

"Much of the drugs available in the black market aren't methaqualone at all," Edwards explained, "but filled with diazepam [the widely used tranquilizer]. Many are even filled with some inert material that has no effect."

Edwards said Lemmon's decision was the result of "increased adverse legislative climates and unjustifiable publicity we received because of it." Lemmon was the only United States manufacturer licensed to make and distribute the drug.

SupeRx was another chain that discontinued sales of methaqualone, a decision that was made more than a year ago.

But Stanley Kohn, director of professional services for the Cincinnati-based drug chain said that Lemmon's decision was "a real disservice to the people that were using the drug

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Safeway broadens tests of Rx computer systems

OAKLAND, Calif.—After testing the IBM Series 1 standalone pharmacy terminal for five months in two San Francisco superstores, Safeway will expand the IBM test early in 1984.

In addition, Safeway will test National Semiconductor pharmacy terminals next year.

IBM Series 1 is being installed in superstores with IBM scanning systems and National Semiconductor terminals are being installed in stores with National Semiconductor scanners. Safeway's rationale: It's easier and more convenient for one vendor to service both pharmacy terminals and scanners in the same store.

National Semiconductor Data Checker/DTS will not reveal product information on its new pharmacy terminal at this time. However, Safeway will be the company's first test installation.

Based in California's famed Silicon Valley, National Semiconductor is a prime supplier of scanners for the nation's supermarkets. Established in 1972, National Semiconductor has 924 scanner installations (or 39% of the market) among the nation's top 10 supermarket chains.

Safeway has been testing pharmacy terminals since 1980, when two stores in the Washington, D.C. division installed the Healthroom on-line system. In 1981, Safeway installed the OSI standalone (hardware by IBM, software by G & H Ltd. Galena, Kan.). At the same time, Safeway tested the Pharmatrex on-line pharmacy terminal (hardware by Nixdorf of Germany, software by Blodgett of Salt Lake City).

After testing, Safeway elected not to go further with any of these systems, but "to go back and look at the pharmacy computer concept," according to one Safeway exec.

Safeway did make one decision: to go with standalone. Although the chain will not comment on its reasoning, a pharmacy terminal expert says that "standalone works best for Safeway because their pharmacies are in clustered areas. The system has the ability to poll data at night at a central location. This saves many after-

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FINANCIAL

Pay 'n Save boosts net income by 104%

SEATTLE—Net income at Pay 'n Save for the quarter ended Oct. 31 increased 104% to $6.8 million from $3.3 million for the comparable quarter last year.

Sales for the quarter were $284 million, up 11% from $255 million for the same year-earlier period.

Earnings per share for the quarter were 54¢, up from 30¢.

For the first three quarters of the fiscal year, net income increased 102% to $16.7 million from $8.3 million from the corresponding period last year. Sales for the first three quarters rose 10.5% to $813.4 million, from $736.2 million. Earnings per share for the period were $1.40, up from 75¢.

Same store sales for the quarter increased 10%. Interest expenses declined nearly $1.5 million because of reduced borrowing levels, and the company benefited from effective expense controls and strengthening gross margins.

"We achieved solid earnings gains in each of our three major business lines: drug, home center and apparel," said Cal Hendricks, vice chairman of the board. "Earnings increases were particularly outstanding in our Pay 'n Save drug division and our Lamonts apparel division."

Three of six new stores planned for the year opened in the third quarter: a Pay 'n Save and an Ernst Home Center in Missoula, Mont., and a Pay 'n Save in Hawaii.

Eckerd pushes net income up 20.9% in first quarter

CLEARWATER, Fla.—The Jack Eckerd Corp. has turned the corner with a 20.9% gain in net income for the first quarter, reversing the disappointing 1.5% profits increase posted for fiscal 1983.

Net income for the quarter ended Oct. 29 was $11.1 million, up from $9.2 million for the comparable quarter last year. Sales increased 15% to $543 million from $472.1 million. Earnings per share for the quarter were 30¢, up from 25¢.

The earnings improvement reflects a LIFO charge of 3¢ for the quarter instead of 4¢ for the first quarter last year.

Stewart Turley, chairman and president, said, "We are pleased with the improving picture at Eckerd Drug and American Home Video. We look forward to a strong Christmas selling season."

At Eckerd Drug, operating profit increased 23.7% to $28.3 million from $22.9 million for the comparable quarter last year.

Sales for the drug division in the first quarter were $472.6 million, up 15.1% from $410.5 million.

The drug division will enter the Christmas season with 1,370 stores, up from 1,319 at the end of the 1983 fiscal year.

At American Home Video, operating losses were reduced to $2.9 million for the quarter.

Genovese net income gains 46.8%

MELVILLE, N.Y.—Net income at Genovese for the quarter ended Nov. 4 increased 46.8% on an 18.8% sales gain.

Net income for the chain's third quarter was $737,000, up from $502,000 for the comparable quarter last year. Sales were $42.7 million, up from $36 million.

For the first three quarters, net income increased 47.7% to $2.1 million from $1.5 million. Sales increased 21.2% to $139.1 million from $114.8 million.

Earnings per share for the first three quarters were 53¢, up from 37¢.

Big B bounces back to lead chain advance

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		11/4/83—11/21/83							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
					Change		52-Week						Last Fiscal Year					Latest P/E Ratio							Long Term Debt	Common Stock Equity	
Name	Symbol	High	Low	Close	Amt.	Pct.	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct.				Amt.	Yield		Revenue	Earnings				
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Chain Store transactions																											
Adams Drug	ADG	22.88	20.50	21.75	1.25	6.10	24.88	8.25	-.15	.46	-5.29	8.42	1.12	.39	N	42.8	17.0	1.6	16.7	.04	.2	12-09-83	286.2	4.6	2.8	8.00	9.74	1282
Am Stores	ASC	41.50	38.75	41.38	.25	.61	44.00	19.22	-.12	1.08	-2.34	14.55	2.69	.85	S	37.6	45.0	1.2	13.3	.48	1.2	09-20-83	7507.8	90.4	1.4	11.95	12.14	0183
Begley Drug	BGLY	21.25	18.50	18.50	-2.75	-12.94	24.00	9.50	-.58	.00	4.04	41.67	1.47	1.27	S	NC	-12.0	1.4	14.6	.68	3.7	10-14-83	56.8	.8	1.8	11.50	17.52	0383
Big B	BIGB	12.63	10.00	12.50	2.00	19.05	14.50	6.19	.03	-.44	3.20	-14.14	.39	.12	N	34.2	25.0	2.9	26.6	.00	.0	09-21-83	87.4	2.5	2.5	.21	3.36	1282
Dart Drug Corp	DRUGA	71.00	61.00	61.00	-10.00	-14.08	148.00	22.25	-.18	-1.79	-.99	-25.97	5.43	5.52	S	203.6	67.0	3.1	7.4	.13	.2	09-02-83	291.8	9.1	2.0	12.01	28.91	0183
Eckerd, Jack	ECK	29.38	27.25	29.13	1.88	6.88	34.88	22.88	.48	.41	.19	-6.78	1.91	.01	F	.5	6.0	3.1	15.2	.96	3.3	11-03-83	2325.0	71.7	2.0	.30	15.17	0783
Fay's Drug	FAY	13.50	11.38	13.00	.75	6.12	13.75	5.47	.09	.49	-3.11	28.16	.48	.17	S	48.5	34.0	2.0	25.0	.16	1.2	09-06-83	270.3	5.5	2.0	2.17	2.23	0183
Genovese Drug	GDX	18.13	15.50	17.75	2.00	12.70	18.13	5.44	.69	.45	4.46	1.89	.67	.25	S	47.1	33.0	1.6	22.8	.16	.9	10-06-83	158.7	2.6	1.7	1.90	4.95	0183
Hook Drugs	HOOK	26.75	26.00	26.00	-.25	-.95	29.75	15.34	.17	-.59	2.37	-13.58	1.52	.73	N	55.7	10.0	2.3	12.7	1.00	3.8	10-07-83	285.2	6.6	1.7	2.86	9.37	1282
Longs Drg Strs	LDG	45.50	43.00	43.88	-1.63	-3.57	50.13	33.75	.03	-.39	2.51	16.40	2.92	.30	S	10.4	10.0	2.8	13.9	1.12	2.6	08-24-83	1123.2	30.9	1.8	.00	18.76	0183
Pay N Save	PAYN	26.63	24.50	25.00	.25	1.01	27.25	13.50	.15	-1.12	.05	1.07	1.52	.77	S	66.3	2.0	1.6	13.0	.56	2.2	11-17-83	1043.2	16.8	2.3	17.01	14.32	0183
Pay Less NW	PAY	18.75	16.50	18.50	1.63	9.63	20.19	12.25	.36	1.44	.25	36.65	1.07	.16	S	16.3	-1.0	2.5	16.2	.27	1.5	12-19-83	784.7	19.4	2.0	5.26	6.07	0183
Peoples Drug	PDG	26.50	24.75	26.00	.75	2.97	31.75	16.09	-.40	-.54	3.29	-5.91	1.39	.36	N	27.0	22.0	1.5	15.4	.28	1.1	11-18-83	688.4	10.5	1.9	4.97	10.08	0982
Perry Drug	PDS	19.25	18.00	18.75	-.63	-3.23	22.38	7.34	-.48	.11	-6.53	-13.16	.73	.08	N	10.3	4.0	1.2	22.1	.20	1.1	08-15-83	244.3	2.9	1.9	6.04	6.50	1082
Revco Drug	RDS	35.88	32.63	33.75	.50	1.50	36.25	25.09	-.07	-.65	1.40	20.79	2.13	.53	Q	31.3	25.0	3.7	15.2	.68	2.0	08-22-83	1792.8	66.5	2.5	1.33	11.59	0583
Rite Aid Corp	RAD	46.88	41.00	44.00	3.00	7.32	46.88	28.19	.40	-.23	-2.90	-15.23	2.37	.52	S	25.6	27.0	3.9	17.3	.64	1.5	10-11-83	1294.7	49.9	1.7	1.17	12.38	0283
Thrifty Cp	TFD	19.38	17.13	19.25	1.25	6.94	25.25	8.63	-.21	1.67	-.78	-3.21	1.13	.21	F	22.8	18.0	1.9	17.0	.46	2.4	11-03-83	1187.8	22.5	1.5	5.62	6.14	0882
Walgreen Co	WAG	40.00	36.00	39.13	2.13	5.74	40.00	26.00	.25	-.35	-1.71	1.09	2.25	.39	F	20.9	36.0	2.9	17.4	.72	1.8	11-04-83	2360.6	69.0	1.5	1.79	9.81	0882
Wholesaler's transactions																											
Bergen Bruns	BBCA	28.50	26.63	28.38	.75	2.71	39.50	24.19	-.27	.67	2.46	10.12	1.60	.25	F	18.5	49.0	1.4	17.7	.32	1.1	10-26-83	1452.0	20.0	1.7	4.09	7.72	0882
McKesson Cp	MCK	42.13	39.00	41.00	-.50	-1.20	51.00	37.50	.27	.10	-1.26	39.68	3.44	-.09	S	-2.5	5.0	1.6	11.8	2.40	5.9	11-25-83	4053.7	63.2	1.6	15.78	29.70	0383
Foxmeyer Cp	FOXM	25.75	25.50	25.50	-1.00	-3.77	28.50	23.75	.21	-.21	-1.42	-56.05	.94	1.32	S	NC	99.0	.7	19.3	.00	.0	00-00-00	351.1	2.3	2.2	15.38	3.87	0383
Ketchum	KCH	17.63	13.75	17.00	3.50	25.93	17.81	6.38	.12	2.73	10.81	1.30	.89	.48	Q	111.6	56.0	.4	18.7	.00	.0	09-26-83	211.4	.9	1.5	5.87	5.68	0483
Owens & Minor	OBOD	17.50	16.75	17.00	.00	.00	19.25	12.75	.02	-.02	-4.86	-19.57	.77	.18	N	16.3	5.0	.7	13.3	.32	1.9	08-17-83	211.4	1.5	2.8	10.55	9.76	1282
Spectro Indus	SPO	20.00	18.63	19.88	1.00	5.30	28.75	13.69	-.35	.36	-1.59	15.27	1.35	.34	S	30.0	50.0	1.6	13.5	.14	.7	09-19-83	339.1	5.4	1.7	2.86	7.24	0383
Manufacturer's transactions																											
Abbott Labs	ABT	50.50	46.63	46.88	-2.75	-5.54	53.38	36.13	-.19	-1.86	2.57	5.57	2.37	.44	N	19.4	26.0	11.1	17.4	1.00	2.1	10-07-83	2602.4	289.1	1.3	1.56	10.74	1282
Am Home Prod	AHP	53.25	51.38	53.13	.88	1.67	54.25	41.75	.16	.48	-1.74	.01	3.59	.39	N	11.1	16.0	12.2	13.7	2.40	4.5	11-03-83	4582.1	560.1	2.7	.00	11.83	1282
Baxter Travenol	BAX	27.38	23.88	25.75	-.75	-2.83	31.31	21.75	-.34	-1.86	3.61	33.20	1.22	.26	N	22.6	25.0	11.2	18.3	.28	1.1	11-18-83	1671.4	186.9	2.0	1.18	7.52	1282
Block Drugs Co	BLOCA	26.50	26.00	26.50	.25	.95	35.50	19.00	-.12	.54	9.12	21.05	2.93	.42	S	15.6	14.0	9.7	8.5	1.00	3.8	11-25-83	219.0	21.3	2.5	2.42	18.37	0383
Bristol-Myers	BMY	45.50	43.38	44.25	.25	.57	47.88	31.19	-.06	-.21	-.79	-7.17	2.59	.35	N	13.7	18.0	9.7	15.3	1.20	2.7	10-03-83	3599.9	348.7	2.3	.84	12.68	1282
Carter-Wallace	CAR	21.38	19.88	20.50	-.25	-1.20	29.00	17.75	-.21	.03	-1.25	-35.77	2.12	.50	S	28.4	38.0	5.7	9.1	.48	2.3	11-09-83	289.9	16.5	2.6	1.57	20.15	0383
Cooper Labs	COO	30.00	25.25	28.50	-1.75	-5.79	49.00	21.81	-1.17	-.27	3.18	-.02	.85	.49	N	58.3	22.0	3.4	21.4	.40	1.4	09-09-83	363.2	12.3	2.7	11.11	9.38	1082
Forest Labs	FRX	30.75	25.63	30.00	1.00	3.45	40.75	15.06	-.62	1.44	-1.23	25.31	.48	-.08	S	-13.5	62.0	13.4	58.8	.00	.0	01-14-83	18.6	2.5	3.7	.37	3.03	0383
ICN Pharm	ICN	9.13	7.13	8.75	1.50	20.69	15.25	6.63	-.53	4.55	1.94	22.83	.42	-.11	N	-27.5	38.0	7.8	30.2	.00	.0	00-00-00	38.7	3.0	1.8	.65	3.81	1182
Key Pharm	KPH	18.88	15.13	18.00	1.75	10.77	25.94	13.59	-.31	1.22	-1.86	-23.23	.34	.15	N	51.7	80.0	14.9	40.9	.13	.7	11-04-83	82.3	12.3	1.6	.03	1.14	1282
Lilly Eli Co	LLY	68.00	64.75	65.00	-2.75	-4.06	68.38	55.38	.30	-.77	1.00	-6.62	5.42	.62	N	11.8	13.0	13.9	11.1	2.90	4.5	11-07-83	2962.7	411.8	1.9	.65	27.10	1282
Lee Pharm	LPH	3.00	2.50	3.00	.50	20.00	4.38	2.00	.51	3.97	2.13	-12.64	-.65	.72	N	NE	-81.0	-12.6	NE	.00	.0	00-00-00	10.3	-1.3	1.9	.46	1.98	0982
Marion Labs	MKC	44.00	38.75	43.00	3.63	9.21	48.00	22.06	-.21	-.39	.90	-36.95	.78	.33	Q	60.0	13.0	8.2	48.9	.32	.7	09-14-83	181.2	14.8	2.5	.05	5.93	0683
Merck & Co	MRK	99.50	95.25	98.00	2.63	2.75	104.63	78.50	-.08	-.28	-2.80	9.65	5.61	.51	N	9.2	9.0	13.6	16.3	2.80	2.9	08-29-83	3063.0	415.1	2.1	4.56	29.81	1282
Morton Thiokol	MTI	80.50	75.50	79.25	3.50	4.62	80.50	48.13	.13	-.04	4.34	10.51	5.15	1.45	Q	35.8	16.0	5.2	14.4	1.76	2.2	11-23-83	1509.2	78.5	1.4	8.90	32.79	0683
Newport Ph	NWPH	9.63	7.75	8.00	.13	1.59	11.38	5.25	.29	-3.02	5.49	1.48	-.03	.01	Q	NE	22.0	-3.4	NE	.00	.0	00-00-00	9.8	-.3	3.7	.24	1.12	0483
Pfizer Inc	PFE	41.13	37.25	38.63	-.50	-1.28	44.75	33.00	-.17	-.74	-.74	-23.11	2.13	.58	N	28.5	15.0	9.6	14.8	1.16	3.0	11-14-83	3453.6	332.8	2.0	3.37	12.82	1282
Reid Prov Labs	REID	3.00	2.75	3.00	.25	9.09	6.09	1.31	-.01	.11	-1.19	8.09	.10	.07	Q	116.6	72.0	6.1	23.1	.05	1.7	12-09-83	11.4	.7	3.1	.03	.80	0683
Robins, AH	RAH	26.88	24.25	24.75	-2.13	-7.91	29.38	15.88	-.28	-.67	.45	48.73	1.98	.51	N	27.4	19.0	10.1	10.4	.68	2.7	08-18-83	482.3	48.7	4.0	1.50	13.29	1282
Rorer Group	ROR	34.25	27.00	32.50	5.38	19.82	34.25	21.25	.78	.47	9.02	-10.75	1.82	.15	N	8.3	12.0	9.0	16.8	1.08	3.3	11-03-83	402.4	36.3	2.1	1.13	9.54	1282
Scherer RP Co	SCHC	18.63	16.75	18.63	1.38	7.97	29.63	16.38	.08	.66	-5.36	10.29	1.13	-.04	Q	-3.8	8.0	5.2	18.8	.32	1.7	12-07-83	169.7	8.8	2.5	4.57	10.88	0383
Searle, GD	SRL	52.50	48.25	52.00	3.25	6.67	55.88	34.75	.11	-.09	-2.53	.00	2.77	-.13	N	-5.1	25.0	13.5	21.8	.52	1.0	10-31-83	1036.9	140.4	2.2	4.10	13.32	1282
Squibb Corp	SQB	51.88	49.25	50.00	-.13	-.25	55.63	38.25	-.10	.01	-4.40	-30.60	3.01	1.69	N	111.9	2.0	9.2	15.6	1.44	2.9	11-14-83	1660.8	153.6	2.3	6.54	21.29	1282
Sterling Drug	STY	29.50	27.75	28.00	-1.00	-3.45	29.63	21.75	.19	-.58	-1.27	12.52	2.17	-.02	S	-.9	9.0	7.3	13.0	1.12	4.0	11-09-83	1796.2	132.0	2.8	1.19	14.16	1282
Syntex Corp	SYN	59.88	55.75	56.00	-1.25	-2.18	62.50	44.13	-.03	-1.24	1.26	18.39	4.30	.45	F	11.6	47.0	17.2	13.0	1.40	2.5	11-03-83	870.2	149.3	2.2	1.11	17.03	0782
Thompson Med	TM	22.38	15.75	22.25	6.75	43.55	26.00	8.97	-.32	2.80	-4.70	9.38	1.16	.48	N	43.2	69.0	12.7	14.0	.28	1.3	09-26-83	91.0	11.6	4.5	.00	4.53	1182
Upjohn Co	UPJ	60.00	56.25	56.50	-1.75	-3.00	68.75	42.75	-.11	-1.07	4.78	-44.03	4.18	.10	N	2.0	5.0	6.9	11.3	2.28	4.0	09-30-83	1828.7	126.0	2.0	15.26	32.19	1282
Warner-Lambrt	WLA	29.75	28.50	28.75	-.25	-.86	35.00	25.75	-.16	.08	-.96	-4.77	2.05	.09	N	4.1	-3.0	5.0	12.6	1.48	5.1	10-31-83	3246.0	163.2	2.1	8.51	17.28	1282

KEY: NA — Not Applicable NC — Not Calculable NE — Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year

*** — Other than a quarterly multiple resulting from a fiscal year change.**

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA

PHARMACY

MAC creates '2nd-class citizens,' chains say

WASHINGTON—Federal Maximum Allowable Cost Rx regulations place the Medicaid recipient "into the position of a second-class citizen, forced to accept the lowest-priced drug," chain drug store industry leaders told the Department of Health and Human Services.

In a flurry of comments submitted to H.H.S. after a two-day hearing on Medicaid drug reimbursement regulations earlier this year, a number of key drug store chains charged that pharmacies "can no longer survive" under the present system.

Among other things, the chain leaders blasted a provision of the Medicaid reimbursement rules that requires drug stores to provide services to Medicaid recipients who can not afford to share the cost of a prescription, forcing pharmacies to absorb the loss.

"While this may appear to be compassionate public policy, the result is to deny providers the recovery of a significant portion of the cost incurred in filling the prescription," Hook Drug's Government affairs director Raymond Rizzo told Federal Medicaid regulators.

In separate comments, Medi Mart Drug Stores voiced similar concerns and urged H.H.S. to change the copayment rules.

Specifically, the chain recommended that Rx drugs be exempted from the copayment requirements or that the regulations be revised so that the "state Medicaid agency and the Federal Government are the payor of the last resort on all uncollected copayments."

According to chain drug store industry leaders, Medicaid recipients and the general public are also adversely affected by the MAC program.

Because the MAC regulations require pharmacists to dispense the lowest-priced drug covered by the program to Medicaid recipients, those customers are put into a "second-class" position, SupeRx Drug Stores said.

Even though SupeRx chain policy is to actively support generic substitution and to stock only Food and Drug Administration approved drugs, chain vice president Gary Hendren told H.H.S. that there is a tendency on the part of Medicaid recipients to view "lowest priced" drugs offered under the MAC program as lower grade.

In addition, because pharmacists are usually inadequately reimbursed for filling Medicaid prescriptions, drug stores are forced to "increase the price to nonprogram cash-paying patients," Hendren said.

The written comments submitted by the chains over the last two months echoed the concerns raised earlier by other officials from the National Association of Chain Drug Stores, Revco and Rite Aid during the public hearing on Medicaid reimbursement in September.

At that meeting chain spokesmen denounced the copayment rules and criticized as unfair the "lower of" MAC provisions requiring pharmacists to accept reimbursement for Medicaid prescriptions at the lowest of the MAC cost of the drug plus a dispensing fee or the pharmacist's "usual and customary" charge.

Continued on page 22

Generics capture 26% of diuretics market

ARLINGTON, Tex.—Diuretics, a market once totally brand-oriented is rapidly shifting toward suppliers of generic pharmaceuticals.

Although branded drugs still play a significant role in the market with almost ¾ of all diuretic scripts dispensed via drug stores, unbranded products gained 12 share points in the last year and now hold a 26% share of market.

That's the conclusion of an analysis comparing diuretic scripts dispensed during July 1983 versus the same time a year ago. Data used in the report were compiled by Decision Data, a marketing research firm based here.

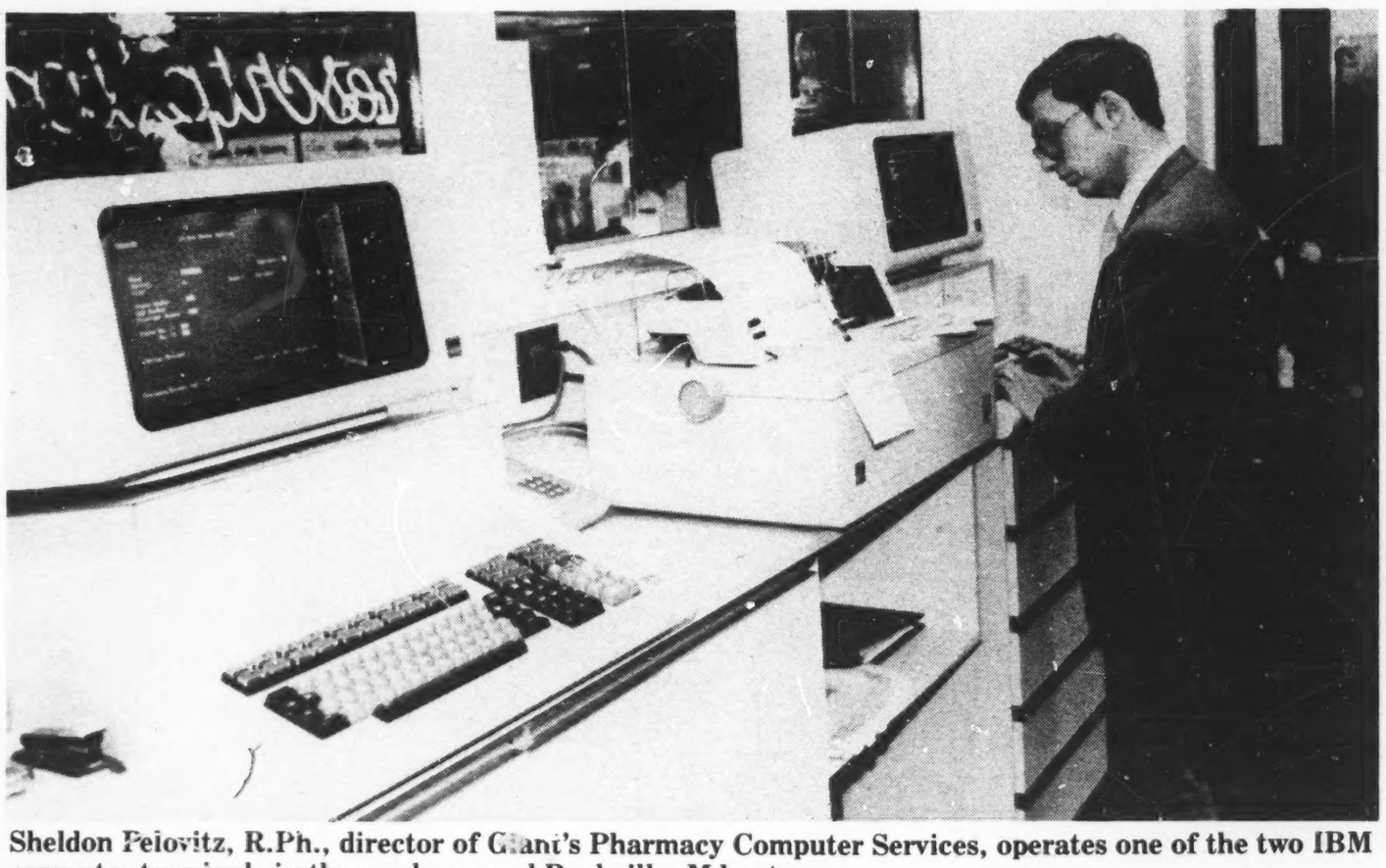
Further evidence of generic drug penetration is noted by the fact that six positions among the top 25 in the domestic market are occupied by generic diuretics. And market share figures for such firms as Geneva, Rugby, United Research Labs and Lederle Standard Products indicates future growth potential.

Virtually all generics noted in the report registered at least one share point in highly competitive market. Meanwhile branded items continued to report slight declines in share.

In fact the only two branded diuretics recording gains during the audit period were Dyazide Caps going from 27.5% to 27.7%, and Moduretic tab 5/50, a reasonably new market entry which gained 1.4 share points to 2.8% of the market.

Gains in the prices consumers pay for their diuretic scripts were somewhat modest (+4%) compared to last year's $8.94 figure. A typical diuretic script retailed for $9.32 during July 1983, a gain of 38¢ over 1982. Both periods' prices were well below the average script price

Continued on page 20



Sheldon Pelovitz, R.Ph., director of Giant's Pharmacy Computer Services, operates one of the two IBM computer terminals in the newly opened Rockville, Md., store.

Giant opens with updated computer

By Harold Cohen, R.Ph.

ROCKVILLE, Md.—Giant Food has introduced a modified version of its IBM pharmacy computer system with the opening of its new 60,000-sq.-ft. prototype combo store here last month.

As a result of the modifications, patients will be notified by the pharmacist when a drug they are currently taking will interact with a new drug being filled at that time.

The computer is also capable of offering patients a consultation sheet with additional information about their medications. This may include special storage directions or other specific information concerning when and how to take the medication.

Sheldon Pelovitz, R.Ph., director of Pharmacy Computer Services, said that a serious drug interaction will occur in 1 out of 3 prescriptions filled.

The computer is also capable of giving information concerning generic substitution. This is especially important because Giant operates pharmacies in several states. The computer is preprogrammed with substitution information from each of these states, which will avoid filling a prescription with a generic permitted in one state that may not be allowed in another. The computer will also suggest the least expensive substitute from a supplier recognized by the state in which the pharmacy is located.

Continued on page 22

An initial lesson in deciphering Government regulations

PRAC, MAC, EAC, MiniMAC and PRBs read like some sort of new alphabet soup to most people, but to practicing pharmacists these acronyms have come to symbolize just about everything that is wrong with the profession of pharmacy.

In reality the letters signify various aspects of regulations that were established over the years to set reimbursement limits on prescription drugs provided under Medicaid.

Another major problem which has more significant ramifications centers on the dictatorial methods employed by some public and private third-party prescription plan intermediaries. For example, many of these "intermediaries" routinely make unilateral changes in provisions which then directly affect the providers of pharmaceutical services.

But that's another story.

The issues swirling around the Maximum Allowable Cost program trace directly to some overzealous administrators at the Health Care Financing Administration (part of Health and Human Services) who seem intent on wringing extra savings for public programs when in fact none may exist. This in turn means that pharmacists sometimes have to subsidize scripts for MAC products out of their own pockets. This situation occurs when HCFA establishes a MAC price for a drug, but the drug isn't available to most pharmacies at the price stipulated. It means the pharmacist must refuse to fill a Medicaid patient's script, or fill it with a higher cost drug (more than allowed under MAC limits) and suffer a loss.

Joseph Caputo, RPh
Pharmaceutical Editor

In fact the situation deteriorated to such an extent that a two-day public hearing was recently held in Washington and the hearing was chaired by a representative from HHS.

Testimony was submitted by virtually every faction of pharmacy and comments about the program were generally quite negative—pretty much as everyone expected.

Areas identified as major trouble spots are:

- Inadequate dispensing fees.
- Inadequate product availability at MAC price levels.
- "Lower of" regulations with, at times, product losses.
- Unfair proposed copayment provisions.
- Required maintenance of dual inventories.
- Slow payments for services rendered.

But these problems represent just the tip of the iceberg. Many private third-party programs follow on the heels of any government program restriction which seems to produce savings.

The question most pharmacists are now asking themselves is "Will all the testimony submitted in Washington produce any tangible benefits for practitioners?"

Being optimists, some pharmacists noted an indirect benefit the profession may receive in the process: Pharmacy's often bickering factions have actually focused on an issue that has significant economic impact.

Who knows, in the future the profession may once again wrench control of its own destiny from the tight grasp of third-party insurance programs . . . but don't bet on it.

PHARMACY

Generics capture larger share of diuretic market in 1983

		% Share of Rxs		Average quantity per Rx		Average $ per Rx		% Retail margin	
Drug description	Mfgr.	7/82	7/83	7/82	7/83	7/82	7/83	7/82	7/83
Dyazide Cap	SKF	27.5	27.7	60	59	$ 9.83	$10.95	29.1	24.0
Lasix 40mg	Hoechst	15.9	13.6	50	50	8.31	8.73	35.6	32.0
Hydrochlorothiazide	Generic*	9.4	10.4	69	72	4.45	4.43	72.4	74.0
Lasix 20mg	Hoechst	5.2	4.8	44	45	6.53	6.88	47.2	44.0
Hydrodiuril 50mg	MSD	5.5	4.4	58	57	6.80	7.05	37.7	38.0
Furosemide 40mg	Generic*	1.4	3.2	55	47	8.18	7.04	42.8	46.0
Hygroton 50mg	USV	4.3	3.1	49	48	11.26	11.91	27.8	26.0
Aldactazide 25mg	Searle	3.8	2.8	63	61	15.56	16.71	19.3	19.0
Moduretic 5/50	MSD	1.4	2.8	45	46	13.16	14.09	29.5	27.0
Hydrochlorothiazide 50mg	Rugby	—	2.7	—	65	—	3.79	—	81.0
Hydrochlorothiazide 25mg	Generic*	2.1	2.6	53	58	4.00	3.99	73.0	73.0
Enduron 5mg	Abbott	2.7	2.1	53	52	10.43	11.01	30.2	30.0
Hygroton 25mg	USV	1.7	1.6	49	47	10.20	10.53	33.8	33.0
Diuril 500mg	MSD	1.8	1.6	58	57	7.12	7.41	40.9	39.0
Hydrochlorothiazide 50mg	United Research Lab	—	1.5	—	73	—	3.61	—	85.0
Esidrex 50mg	Ciba	1.7	1.4	56	52	7.49	7.50	42.7	40.0
Hydrochlorothiazide 50mg	Geneva	—	1.3	—	60	—	3.70	—	80.0
Hydrochlorothiazide 50mg	Lederle	—	1.3	—	55	—	4.19	—	70.0
Spironolactone and Hydrochlorothiazide	Generic*	—	1.3	—	62	—	11.06	—	46.0
Hydrodiuril 25mg	MSD	1.6	1.2	58	57	5.44	5.70	50.8	50.0
Aldactone 25mg	Searle	1.5	1.2	77	75	18.34	19.54	20.4	19.0
Lasix 80mg	Hoechst	1.1	1.1	52	52	13.28	14.21	28.0	28.0
Hydrochlorothiazide 50mg	PD	—	1.0	—	65	—	4.17	—	59.0
Furosemide 20mg	Generic*	—	1.0	—	39	—	5.49	—	58.0
Chlorthalidone 50mg	Generic*	—	1.0	—	47	—	8.47	—	40.0
Top 25		92.4	96.7	57	57	8.90	8.84	34.0	34.3
Other		7.6	6.3	44	57	9.42	16.15	33.5	27.9
Total		100.0	100.0	56	56	8.94	9.32	34.0	33.0

*These include all scripts dispensed with other than nationally promoted brands.
Margins are based on AWP prices

Source: Decision Data

Generic diuretics on the rise

Continued from page 17

for a drug dispensed through a pharmacy at that time.

The entire price gain traced to the branded segment of this market, while at the same time consumer prices in the generic segment declined slightly.

Although consumer script prices increased overall, the amount of medication dispensed per script remained unchanged, or, as in the case of selected products, price trended slightly upward. "Patients are receiving less medication per script," noted a chain pharmacist, "but volume hasn't been affected because a greater percentage of all diuretic scripts are being refilled compared to previous periods."

A decline in retailer per cent margins for the diuretic category was also revealed by this analysis. Here again the average margin decline traced to branded products. Retailers' margins for generic diuretics either increased slightly or remained unchanged from the previous period.

Pharmacies also received a lower dollar gross margin per tablet dispensed for branded items vis-a-vis their generic counterparts. Generic versions of furosemide, chlorthalidone and aldactone with hydrochlorothiazide all offered retailers higher returns than branded versions of the same drug.

Continued growth of generic pharmaceuticals—as evidenced by findings in this report—should quiet consumer advocates' concerns that drug store patients aren't receiving lower priced generics.

Rx computer newsletter is launched

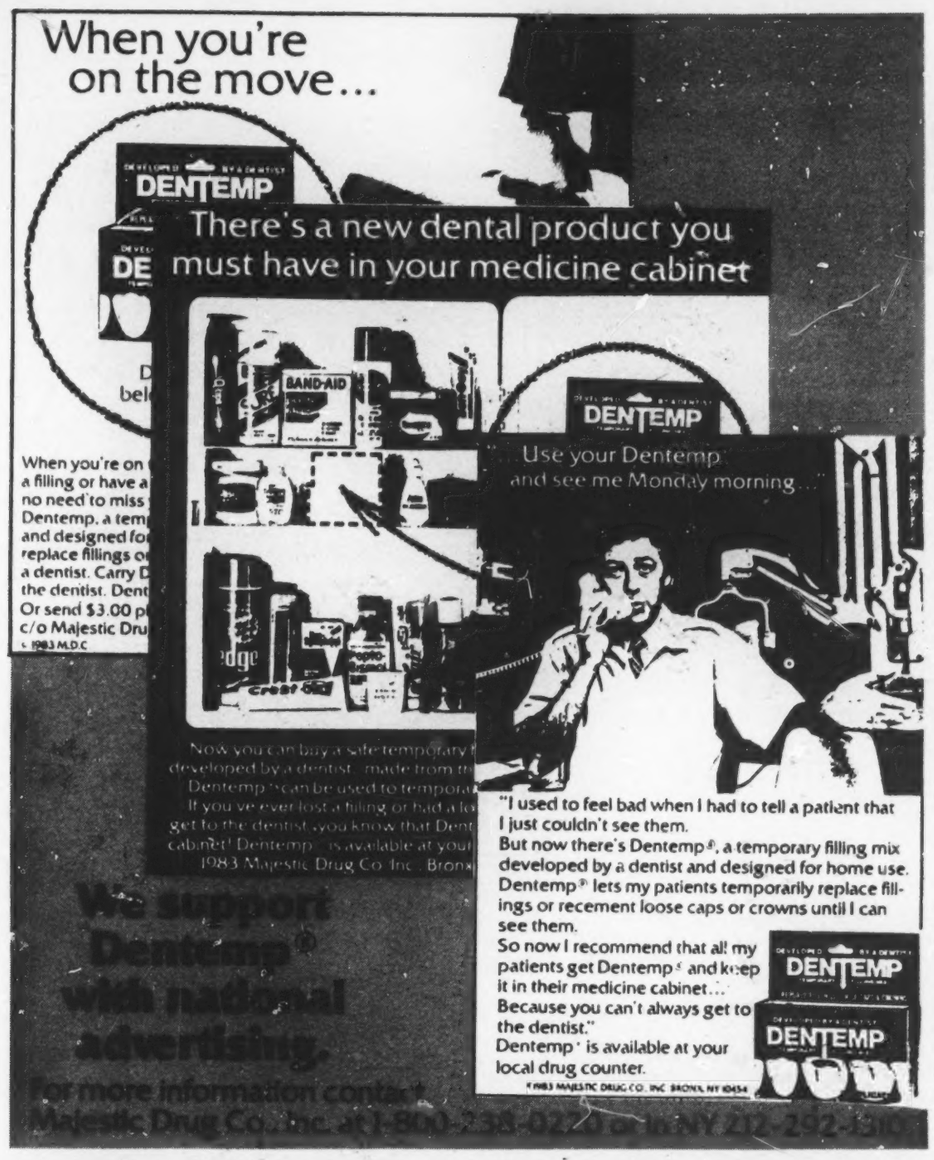
TWINSBURG, Ohio—A Revco subsidiary has developed a computer newsletter for pharmacists and a schedule of meetings to discuss pharmacy computers.

The Revco subsidiary, General Computer Corp., is a major developer of retail pharmacy systems.

Richard Pilarczyk, General Computer's president, said future meetings will provide an opportunity for participants to share information about their computer experiences, hear news of software enhancements and take part in roundtable discussions on future developments.

Named "SIG," the newsletter is designed to provide a new two-way information channel between users and the computer professionals, noted Pilarczyk.

Information about the users' group and the newsletter are available for General Computer Corp., 2045 Midway Drive, Twinsburg, Ohio 44087.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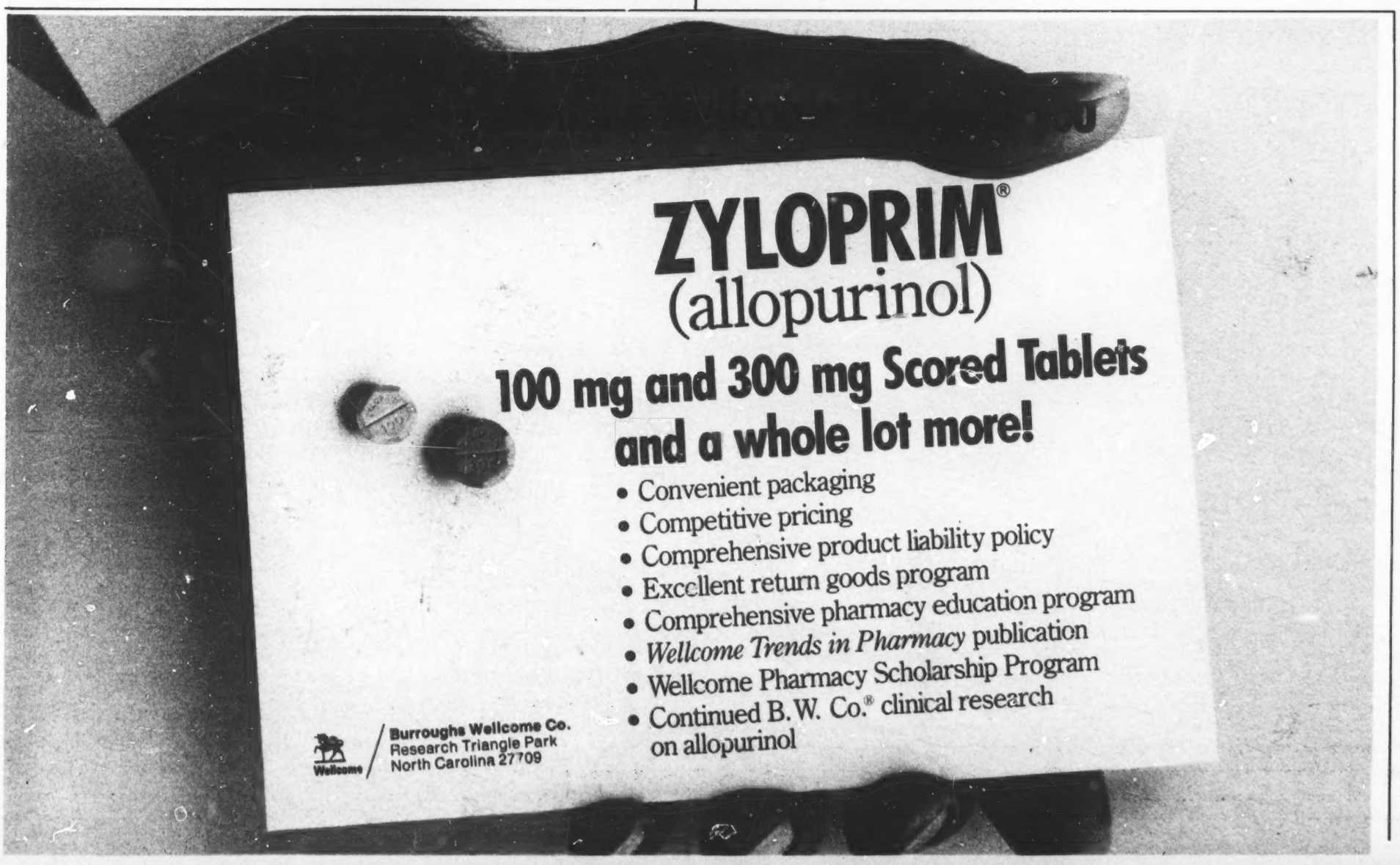
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